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The Nation's Business

Toronto Redeems Its Reputation for Hospitality
Honey Alone Wins in London Show
What's Wrong with Farm Colleges?

TORONTO over-flowed with hospitality when Premier King was a visitor in the city this week. The several days of the visit have been filled from morning to night with luncheons, dinners, ceremonies, receptions and other functions. If anything, the city has erred on the side of over doing it. Under the circumstances this is exactly what should have happened.

The last time the prime minister came to Toronto he received no civic welcome. In fact the city fathers went out of their way to veto the idea of providing at the city's expense a luncheon to the man they saw merely as the leader of the Liberal party. The action of the city council held Toronto up to ridicule throughout the rest of Canada. Apparently Toronto officialdom realizes that it made a mistake for retribution has been made in fulsome fashion. Business organizations and societies have also set out to do honor to the prime minister of the country.

How much better this is! When the prime minister travels in Canada he is not the head of the Liberal party but the head of the national government and small town politics should play no part in determining the manner in which he is to be honored. Toronto showed itself impolite a year ago but it has redeemed its reputation.

* * *

FIRST, second and third prizes were captured by Ontario honey at the recent British Dairy Show in London, England, open to Empire products. But the fact that these were the only awards that came to Canada is a severe reflection on those responsible for the conduct of our dairy and other agricultural interests. Ontario honey has stood at the top in this Exhibition for five consecutive years, due to the highly organized condition of the industry that has resulted in proper grading. In the other agricultural products, however, Canada was nowhere. South Africa was first and second in eggs; New Zealand first, second and third in cheese; and in two kinds of butter Australia was first, second and third, although one third prize went to New Zealand.

The most prosperous section of Canada for the past couple of generations has been Western Ontario. Years ago the late C. C. L. Wilson of the Ingersoll Packing Company had an enquiry made as to bank deposits and he found that those in Western Ontario far exceeded those in any other section of the Dominion. Three most prosperous agricultural districts in the United States are those in which they have had the outstanding farm newspapers. The same applies to Western Ontario. "The Farmers' Advocate" was established by William Weld in 1866. In connection with the paper he began the first stock and experimental farm near London. The first Agricultural College in Canada at Guelph really had its beginning on Mr. Weld's experimental farm. His publication and the practical work he carried on for years laid a splendid foundation on which to build agricultural products of quality. In the old days when "The Farmers' Advocate and Home Magazine" was bringing sound, technical education into thousands of Western Ontario homes and teaching high ideals of quality and service to the younger generation, we were, relatively further ahead than to-day. For example then we were growing wonderful apples. Why is it to-day that we are importing over 200,000 barrels of United States apples? And why, when we go into the best grocery stores in Ontario, are we frequently offered not Canadian but United States apples?

Worse than that, why has Ontario, with its Minister of Agriculture, the Hon. John Martin who is one of the poultry kings of the world, allowed South Africa to get away with the egg prizes?

Further and still more serious is the fact that New Zealand and Australia were taught how to make butter and cheese by a Western Ontario boy, John A. Ruddick, who grew up under the inspiration and influence of "The Farmers' Advocate." Prof. Saunders, the wheat wizard, is another Western Ontario boy.

* * *

IT IS interesting to note that in 1925-1926 "The Farmers' Advocate" conducted a cheese factory competition which resulted in the transformation of many cheese factories which were in a deplorable condition both inside and out, into attractive establishments. The contest resulted in thousands of dollars' worth of new equipment being purchased, lawns being cleaned up, flowers planted and more paint and whitewash used than in the entire twenty-five years preceding.

For years Canadian butter has had to take a back seat to Australian, New Zealand and Danish in the British market. Lack of leadership on the part of our Departments of Agriculture alone was responsible for this condition. We had no grading regulations for cream sent to our creameries, with the result that cream that was unfit for food purposes was being made into butter. Then the Prairie Provinces led the way with compulsory grading, and in recent years Western Canadian is the only butter that has been able to command recognition in the Old Country market, comparable with that coming from the other countries mentioned.

Isn't all this a terrific reflection on

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PUT MILLS ON QUOTA IS GOSSIP

Situation Presents Many Difficulties Yet to be Overcome

BACKUS TAKES PART

International Paper is Not Represented at Conference at Present Time

From Our Own Correspondent

MONTREAL.—The one big point about the conference of the newsprint executives now under way is that it is beginning to look as if the various producers may reach an agreement touching a percentage basis of operations for each company. It is now said that the newsprint companies are getting close to the formulation of such an agreement.

There are many difficulties in the way which have yet to be overcome. Some of the producers have contracts which permit them to operate at 100 per cent. capacity; others are jealous of these contracts and object to carrying the load by operating at say 75 per cent. capacity.

A satisfactory feature of the present pourparlers is that E. W. Backus is taking an active part. This is apparently the first time that the big Ontario operator has co-operated along these lines with his confreres in the industry.

International Not In It

The largest producer in the paper industry is not taking any part in the present negotiations. But undoubtedly if virtually all the companies come to an understanding International will co-operate. It is said International Paper has had in the meantime some misunderstanding with one of the largest of the Canadian newsprint producers. In any event, this would not prevent International Paper coming into line later on.

The credit for the eagerness of the newsprint executives to work out some plans for bettering the position of the industry perhaps can be attributed to the well-timed prod which Hon. Howard Ferguson, premier of Ontario, gave the industry when he said that unless the companies did something, his government would take action in an endeavor to prevent loss to the shareholders of the companies and loss to the settlers who supply a large portion of the pulpwood requirements of the producers.

Credit is due also to C. R. Whitehead who it is understood was responsible for calling together the representatives of the companies.

If the newsprint men can agree on a definite scale of operations to be carried out at each of the mills in the industry, it would eliminate any chance of further price cutting and perhaps within a year might result in prices for newsprint more in line with the amount invested in the industry.

It is impossible as yet to give any idea of just what the chances are that an agreement will be reached. In the meantime, from a shareholders' angle, the proposals on which the various groups are working are to say the least constructive.

In any event no announcement of any such agreement can be expected for some time. The details which have to be settled are too many and too important to be arrived at rapidly by any group of executives representing as they do so many and so varied interests. All therefore which can be said at the moment of the parleys between the newsprint groups now under way in Montreal is that they are of a definitely constructive nature. Some doubt though is expressed that any agreement on such debatable points can never be reached.

Canada Cement Argues Before Tariff Board

From Our Own Correspondent

MONTREAL.—How the Canada Cement Company is continuing to spend large sums on fixed assets was revealed before the Advisory Board of Tariff and Taxation this week when J. D. Johnson, vice president and general manager of the company, said that this year over $500,000 was being spent in replacements and betterments at the company's Hull plant.

Before the board, Professor Gilbert Jackson, who is handling the case for the cement company, made the point that any narrowing of the market for domestic cement would inevitably raise the cost of production and so cause an advance in cement prices in Canada.

Cabinet Could Grant Beauharnois Permit Before Court Decision

Need Not Await Decision of Privy Council in Jurisdiction Over St. Lawrence River Power Rights

From Our Own Correspondent

OTTAWA:—While the titanic battle for possession of the centre section of the Greater St. Lawrence waterways power is being waged mercilessly and behind a screen of silence which prevents the man on the street from observing the success or failure of the Beauharnois Power Company, certain details are becoming known which reveal, in some small part, the course of the struggle.

The public hearing which has been promised to the rival factions by some members of the cabinet has not yet been held and as yet no date has been set. It is not impossible that there is some difference of opinion upon the wisdom of holding such a hearing and hence the delay. If held, the hearing may not take place for a week or two yet.

What It Is All About

There is a notable disposition upon the part of cabinet ministers to dig up the relevant facts in regard to the St. Lawrence Waterways and to endeavor, as speedily as possible, to find out what it is all about. The education of ministers is being expedited by the activities of lawyers holding briefs for one or other of the warring interests and it would appear to be true that there is not one legal firm in the capital which has ever achieved prominence in this class of work which has not been retained. It is said that the Holt interests have retained three legal firms in Ottawa and that the Beauharnois folks have gone them one better. Both sides have men working in their interests here who are high up in the counsels of both political parties.

Cabinet Free to Deal With It

Several points of interest have become clearer in the past week, in regard to the manner in which the cabinet regards the application of the Beauharnois company for a permit to commence construction of a canal and power works on the middle section of the waterways. It has been stated in The Financial Post that the Government was not likely to grant the application until after the constitutional position had been cleared up and the Privy Council had decided upon the respective jurisdictions of the Federal and Provincial governments over water powers developed on navigable rivers. This, while true in other applications of lesser importance, is not true of the Beauharnois application, for the simple reason that the Quebec legislature already has approved, by statute, the proposed undertaking. In other words, the cabinet holds the view that if the constitutional position is decided in favor of the provinces, the Beauharnois would have no further trouble, since the Quebec government already has endorsed the proposed canal and power development and the Quebec legislature has expressed statutory approval. If the decision of the court favored the Federal government, then the cabinet would only have to decide the question which now awaits decision. Therefore, the cabinet may be said to feel free to deal with the application.

Is It Same Scheme?

However, there are other and important factors.

It is held against the Beauharnois company that the Joint Engineering Board in recommending the works to be built on the St. Lawrence did not select the plan of the Beauharnois company, but chose a different one. The Beauharnois canal is on one side of the St. Lawrence River and the canal recommended by the Joint Engineering board is on the other. It is not clear if the Board considered the Beauharnois plan and decided that it was a second best, but at any rate their recommendation was for a different scheme of construction. This is a strong argument against the granting of a permit to the Beauharnois company.

Another strong point seems to be the doubt which prevails here as to whether the Beauharnois company will go through with the proposition and not sell out to other interests.

Seek Competition in Power

On the other side of the picture, it may be said that the cabinet seems to be strongly of the opinion that in the development of additional power on the St. Lawrence care should be taken to provide competition in the Montreal market and in the industrialized area surrounding it.

The announcement in The Post of last week that the Ontario Hydro had agreed to take one half the power output of the Beauharnois company, up to 500,000 horsepower, created a small sensation in the capital and has had a rather remarkable effect upon cabinet ministers from Ontario, who are strong supporters of the Hydro. The confirmation of this announcement by Premier Ferguson, who seemed rather critical of the Beauharnois proposal only one year ago, has occasioned further interest.

It would be rash, at this stage, and in a struggle wherein such mighty forces are engaged, to forecast what will happen. The preponderance of opinion in the cabinet favors the Beauharnois or appears to do so but this opinion does not yet seem to be held so ardently as to cause anyone to clamor for an early decision. It would appear as if there would be little change in the situation for a fortnight or more. Meantime Sir Herbert Holt, has been, it is said, directing the campaign against Beauharnois in person from a sick bed in a Montreal hospital and as for Frank Jones, the opposing chieftain, he was notably absent from the public hearing of the Tariff Board on the cement case. While he is no longer connected with the cement company, he knows its business better than any one else.

Looking Years Ahead, Investors Not Deterred by Present Price Level

Cautious Market Operators Remembering Panic Times of Yore Hesitate in Purchases, Fearing Causes of Former Troubles Will Recur

Nelsons of the stock market are putting their telescopes to their blind eye and seeing no commands to retreat from an improving situation. Cautious seniors—admirals who remember days of defeat—are out of the market or only tentatively in it.

There is credit yet awhile. Brokers owe their banks less now than in February and all brokers are doing more business than in February. Banks report less in call loans but everyone knows that individuals are carrying larger amounts of stock than formerly. When responsible brokers recommend purchases, their clients have the money to put up, whatever margin is asked. A house which demands 33 1/3 per cent. margin is averaging 45. Nearly all other houses are likewise well fixed.

Brokers are borrowing money privately in as large amounts as can be desired. The private money on call comes from cautious seniors who have been out of the market for two years or more, waiting for a recession when stocks jettisoned by the Nelsons can be bought at lower prices. In the meantime, the Nelsons have been profiting hugely.

Borrow Bootleg Money

The other sources of private money on call are industrial concerns. These companies formerly borrowed heavily from their banks to finance inventory purchases and time sales. Now they owe their banks nothing and are keeping large amounts of cash for emergencies in their business. A portion of this cash is loaned on call at 5½ or 6 per cent. It can be had almost as quickly as it could be withdrawn from the bank.

Last summer it was said that the federal reserve board in the United States was determined to stop or retard the upward movement in stocks. But Wall Street does not care whether it borrows from banks or from private individuals. When the federal reserve policy sent call loan rates upward, there was a ready flow of money for call loans from private sources. On these fund, stock market operations assumed new proportions.

Influence of banks in the stock market is less under these conditions. Banks at this moment have no monopoly on money lending for stock market purposes. Canadian brokers have not permitted the banks to prevent the brokerage business from growing. In some instances, money has been borrowed from Buffalo, Rochester and New York. At one stage, would-be borrowers for stock market purposes in Canada could not borrow, no matter what grade of collateral was offered nor what margin was suggested.

Assuming that the banks at this time are not able to dictate the course of the market, it would seem that the credit situation is not an immediate menace to the stock market.

One might suggest that stock

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Dominion Bridge Offers Rights to Shareholders

From Our Own Correspondent

MONTREAL. — The Dominion Bridge Company is offering its shareholders rights to new stock at $50 per share on the basis of one new share for every ten now held.

The new stock offering which totals 37,213 shares, will furnish the company with $1,865,600 and the proceeds will be used to reimburse the company for capital expenditures during the past year and for further expenditures on plant to take care of the increasing demand for fabricated steel.

The price of the new stock will be payable: $10 per share by January 31, 1929; $20 per share on March 15, 1929; and $20 per share on April 15, 1929. The new stock will rank for dividend for the quarter ending April 30, 1929, at which time the outstanding shares will total 409,343 shares as against 372,130 at the present time.

The Dominion Bridge will probably complete its huge steel contract on the South Shore Bridge of Montreal some time next year and the structure will be ready in 1930 for operation as a revenue producing public utility. Hence, the company will not receive all the profits from its major share in this undertaking until at least a year hence.

It is thought that the company has in view the acquisition of another important allied enterprise near Toronto. It will be recalled that less than two months ago the company announced the purchase of McGregor McIntyre Structural Steel, Limited, Toronto as a going concern, to be operated by Dominion Bridge. Extension along these lines, it is felt, gives the company a wider scope and enables it to take advantage more fully of the substantial business available.

CITY DAIRY'S 1929 OUTLOOK IS IMPROVING

Predict Much Higher Profits Than for This Year

STOCK WELL PLACED

U. S. Investment Trust Buys Into Milk Company; Two Canadians Take Up Thousands of Shares

While City Dairy, Toronto, will not show a very material increase in earnings for 1928, over 1927, it is expected that 1929 will be the best in the company's history, both in gross and net.

In the first several months of 1928, profits were lower than in the corresponding periods of the previous year. The summer months were fairly good owing to a greater volume of ice-cream sales, although materials entering into the manufacture of ice-cream were higher than in the previous season. On September 1, milk was advanced one cent a quart but the farmer has been getting all, or nearly all, this advance. Yet despite these conditions, it is expected that the company will report slightly higher earnings for 1928 than for 1927.

The opinion that 1929 will be a record year for City Dairy comes from a reliable source. There is still keen competition in the dairy business in Toronto and while competition will continue, it is expected that, with the continued growth of the community, City Dairy's normal expansion will be accelerated somewhat. Prospects for still further improvement in Drimilk Co., City Dairy's wholly-owned subsidiary, are bright, it is believed.

Buyer From U.S.

Marketwise, the position of the stock is highly favorable. So far as is known, no large quantity of stock is held by brokers for their own or clients' accounts. Two brokerage houses which held several thousand shares purchased before the split early this year, disposed of their holdings between 50 and 60 during the summer months.

It is understood that there were three large buyers who took up the stock for the long pull. One was a United States investment trust, it is understood, and the other two buyers were Canadians. It is said that about 20,000 shares, comprising a large part of the floating supply of the stock, was so disposed of. In October, when renewed buying developed from three sources simultaneously, the stock rose another ten points but receded gradually to 63 when it was apparent that there was no prospect of a sale of the company at higher levels.

There are 92,400 shares of common stock outstanding. The current dividend rate is $2 per share, or total payments of $184,800. In 1927, the company had $577,500 of common stock of $25 par value, on which dividends of $92,025, or 16 per cent., were paid. The present rate is equivalent of 32 per cent. on the old stock.

Has Government Bonds

The only charge on the assets of the company ranking ahead of the common stock is the $700,000 of 7 per cent. preferred. The company has Dominion and provincial bonds totalling $891,252 at the close of 1927, and it is probable that these investments have been increased somewhat during the year. It is the announced intention of the company to acquire gilt-edged securities to provide sufficient income for the preferred dividend requirement of $49,000 annually.

Other investments of City Dairy, presumably in Drimilk Co. and City Dairy Farms, Ltd., are carried in the balance sheet conservatively at $458,095. Goodwill is shown at $1. Properties, building and equipment are carried at $756,086, although it is considered that plant and equipment are worth very much more. The company entered 1928 with cash on hand of $194,431.

Canadian Bronze Company Share Split is Effective

From Our Own Correspondent

MONTREAL.—The split of the common shares of the Canadian Bronze Company is now effective. For every share outstanding the shareholders now have two common shares of no par value. The present stock is to be deposited on December 10 for exchange, and dividends payable on the common stock after November 1 will be on the new capitalization basis.

Rumor still indicates that the management proposes to reduce considerably the amount of its preferred stock outstanding. This is the only security of the company ranking senior to the common shares.

Stock Market

MARKET INDICATOR

	High	Low
20 Industrial Stocks		
Week of Nov. 21	98.1	91.3
Week of Nov. 14	94.5	89.5
Month of November, 1927	83.8	73.9
9 Bank Stocks		
Week of Nov. 21	310	306
Week of Nov. 14	309	304
Month of November, 1927	279	264
10 Public Utilities		
Week of Nov. 21	115	110
Week of Nov. 14	114	110
Month of November, 1927	106	97

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	4	5	.	9
Paper	10	6	2	18
Steel	20	9	16	45
Foodstuffs	16	15	26	57
Utilities	12	8	14	34
Tractions	3	4	6	13
Textiles	4	4	11	19
Industrials	39	34	47	120
Total	108	85	122	315

Investment Nature of Consumers Gas Changed by Ruling

Ontario Government Decides Against Issuance of Rights

AUDIT IS AUTHORIZED

But Toronto Must Bear Cost; Company's Administration Otherwise Upheld in Statement

Pronouncement of the Ontario cabinet that Consumers' Gas Co. of Toronto must raise additional capital through sale of stock by tender or by public auction and not by allotment to shareholders on a prorata basis changes the character of the investment.

Consumers' Gas Co. is limited by its charter to dividends of ten per cent. on its stock, which is of $100 par value. Since the maximum dividend is now being paid, it follows that, while no new rights are to be expected, the value of the shares will rise or fall with changes in the average of interest rates.

While the general level of interest rates heretofore has affected the value of Consumers' Gas stock, market values have been inclined to discount the probability of periodic rights. Thus, Consumers' Gas recently has been selling at $200 per share, at which point the yield was five per cent. The seven per cent. preferred stock of City Dairy, at least equally meritorious, currently is selling at a price to bring the purchaser five and one-half per cent.

Offer by Tender Soon

The ruling of the government, issued over the signature of Premier Ferguson, also directs that not more than $1,250,000 of new stock be issued in any one year. The company's authorized capitalization is increased from $12,000,000 (all of which is now issued) to $25,000,000. This additional capital is expected to take care of expansion for ten or twelve years.

It is believed to have been the intention of the directors to offer new stock to shareholders at $170 per share on the basis of one in ten or twelve. At $170 the company would have been paying 5.88 per cent. for its additional capital. It is not believed that the cost of new capital will be any less through sale by tender or by auction.

Sale by tender of $1,250,000 of stock is expected early next year. It is probable that tenders will be asked for in blocks of ten shares or larger, and that a minimum price of perhaps $170 per share will be fixed. In the sale by tender prior to 1914 it was the practice to accept all of the higher tenders, which normally were from private individuals for investment of comparatively small amounts, and to dispose of the balance at the best figures obtainable. Investment bankers usually could be counted on to bid for all or any part of the issue at the minimum price or a fraction above.

Premier Ferguson's statement intimates that a further audit of the

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How Consumers' Gas Earnings Have Grown

The table of gross and net earnings in a period of years follows:

	Gross	Net
1928	$7,448,515	$2,092,880
1927	7,093,752	1,817,184
1926	6,999,399	1,811,482
1925	6,623,345	1,550,924
1924	6,615,044	1,402,540
1923	6,883,353	1,384,704
1922	6,813,939	1,478,274
1921	7,214,881	1,540,932
1920	6,426,896	1,240,274
1919	5,506,215	965,917
1918	5,095,006	776,665
1917	4,929,349	953,306
1916	3,637,805	919,576
1915	3,440,008	865,380
1914	3,577,982	944,949
1913	3,203,310	841,981
1912	2,464,368	718,184
1911	2,214,873	697,006
1910	2,070,691	754,760
1909	1,737,000	604,083
1908	1,587,362	556,882
1907	1,363,400	455,360
1906	1,241,830	500,952
1905	1,095,650	412,259

Fluctuations of Stock of Consumers' Gas Co.

The record of Consumers' Gas stock over a term of years has been as follows:

Market Record

	High	Low
1912	196	189
1918	153	144½
1919	152	138
1920	150	125
1921	*75	*65
1922	†160	*72
1923	163	150½
1924	170½	159
1925	177	164
1926	183⅞	170
1927	199	171½
1928 (to date)	210	105

*—Quotation "Dollars per share instead of Percentage."
†—New stock of $100 par.

NEW GROUP HAVE PRUDENTIAL TRUST UNDER CONTROL

Courts Finally Turn B. Hal Brown Out of Company

From Our Own Correspondent

MONTREAL.—Click . . click . . click went the cameras. brokers leaned encouragingly from their windows; tired shareholders watched from the sidelines; boys shouted and dogs barked as the McCuaig-Carrell group of shareholders marched proudly down rue Saint Jean this week and formally took over the reins of management of the Prudential Trust here.

The only place where quiet reigned was in the law courts where for the last 370 days B. Hal Brown has been battling madly to retain control of the company despite the fact that the last annual meeting revealed clearly that he had not the confidence of the shareholders.

The scene on Saint Jean Street was colorful as the group now controlling the operations of the company has the support of business circles generally, composed as it is of business men of standing. The courts ordered B. Hal Brown to hand over the company to the new management and B. Hal Brown was forced to vacate his office.

It looks as if the long continued Prudential Trust litigation has come to an end, but for the fact that B. Hal Brown may endeavor to carry on proceedings still further after his latest reverse before the courts. This week he was refused permission to appeal from a judgment of the Court of Appeal here last week.

Long Fight Over

A group of shareholders has long been endeavoring to oust Brown from his position with the company, but, due to legal delays, they have only been successful this week.

During the long progress of the legal proceedings, though, it is understood that some of those who opposed Brown sold out their stock to their opponent and it is said that the stock control of the company now lies in Brown's hands. However this development cannot prevent the shareholders who are dissatisfied with the management from operating the company until the next annual meeting. The directors elected by a majority of the shareholders at the last annual meeting now control the company. B. Hal Brown, of course claimed before the courts that the new group, due to certain technicalities, is not entitled to obtain control of the company.

It is felt, that the latest legal reverse experienced by Brown may not prevent him again involving the company in litigation in the future.

Banking Profits Gain Substantially in 1928

Shifting of Assets of Banks Places Funds in More Profitable Channels of Employment

By W. A. McKAGUE

Annual reports to be made public by the chartered banks during the next few weeks, cover a year in which there have been several developments that are important from the viewpoint of bank earnings. Current loans in Canada, which provide the greater part of their income, showed an advance of over $150,000,000 between September, 1927, and September, 1928, which is the last period for which the government statement is available. Six per cent. on this increase means the substantial sum of $9,000,000. The gain in savings deposits is approximately $90,000,000, which sum at 3 per cent. means $2,700,000 more, payable to depositors. Considering the record crop and the speed at which it is being marketed, and the unusual activity of general business, it is likely that current loans since September have shown more than the customary gain for the season.

But the increase in loans made on securities, and their probable effect on bank earnings, is even more striking. Such loans in the Canadian markets show an increase of $46,000,000 for the year, and those outside of Canada an increase of $48,000,000. This is a total increase of $94,000,000. These are strictly liquid assets, and those in the New York market at least can within a few hours, be turned into cash. Thus they supplement the gold and other cash reserves maintained by the Canadian banks, and for this reason the banks always keep some money out at call, no matter how low the interest return on such loans may be.

Higher Rates in New York

Rates for loans on securities are stable in Canada, within the limits of 5 per cent. and 6½ per cent. in recent years. In the New York market they are often very low for extended periods, sometimes down to 2½ per cent. or even 2 per cent. A year ago call money in New York was at 3¾ per cent., which was well below time money rate at that time. During the past year it went up past 5 per cent., then over 6 per cent., over 7 per cent., and at times as high as 9 or 10 per cent., though with increased amounts coming into the market from corporations and other outside sources the rate has in recent weeks been around 6½ per cent. and 7 per cent. Rates for time money have not advanced so high.

Thus came the situation of call loans, which are particularly favored by banks because of their high degree of liquidity and also their safety, yielding a higher return than do time loans. It is not a new situa-

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THREE STOCKS IN ONE GROUP SELL AT PEAK

Four of Five Moore Companies Sell Higher Than in January

SALESBOOK IS BEST

Pacific Burt Second With Gain of 30 Points; Gilman Records Substantial Advance

Four of the five stocks in the S. J. Moore group of companies are selling at higher prices at present than on January 3, the first day of trading in 1928. Moreover, recent prices of three of the five have established highs for the year, the latest sale in the fourth is only three points below the high and one is only 9½ points below its high. The latter is William A. Rogers, Ltd., which this week sold down three points from the opening price of 68.

American Salesbook has done best, selling up 31 points from 74 to 105. Pacific Burt is up 30 points from 120 to 150 and currently is selling 40 points above its year's low. F. N. Burt has gained 6¾ and Gilman Fanfold is up 15 points.

Four in Related Lines

Four of these companies are in related lines of business. American Salesbook manufactures salesbooks and similar goods and markets these in the United States east of the Rocky Mountains. Pacific Burt is in the same business, distributing products of its Los Angeles factory in territory west of the Rockies. F. N. Burt Co. manufactures paper boxes at Buffalo and its Canadian factories also make salesbooks and business forms. Gilman Fanfold manufactures business forms, etc., at Niagara Falls, N.Y. William A. Rogers, Ltd., manufactures and markets Rogers silverware, etc., in the United States and its subsidiary, Canadian William A. Rogers, is in the same business in Canada.

Pacific Burt Gains

The least active of these stocks are Gilman and William A. Rogers. The other three are fairly active on the Toronto exchange but there is more often a bid than an offer of these stocks. The companies are noted for their conservative financing methods and over a term of years the dividend returns have been [illegible] satisfactory.

Little official information on the progress of these companies is available between publication of annual reports, but it is [illegible] that all have had a favorable year so far. Pacific Burt especially is reported to have been doing well because of promising conditions on the West coast and because of economies of operations since the company moved into its new Los Angeles factory. It was stated in the annual report that the expenses of moving, etc., all had been absorbed in 1927 and Mr. Moore predicted increased earnings for 1928.

Silverware Restored

The silverware companies suffered during the war and immediately after because of the high cost of raw materials and because many of its skilled workers were attracted into metal industries which prospered because of the war. These conditions have been corrected recently, however, and with the lower prices, the pre-war demand for the company's goods has been restored. While some of the products rank as

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ASSOC. BREWERIES EFFECT SAVING THROUGH MERGER

Earnings Expected to Warrant Dividend Action Before Year End

From Our Own Correspondent

MONTREAL.—Profits of Associated Breweries are running well ahead of last year, and it is said that there is a possibility of dividend action before the end of the year. The merger of the companies which form the present organization has been quite satisfactory, and various economics effected should be reflected in the earnings of the company at the end of its fiscal year March 31 next.

Associated Breweries was formed this fall as a merger of Prince Albert Breweries, the Regina Brewing Company, and the Lethbridge Breweries, which latter company owns the outstanding stock of the New Edmonton Breweries. The combined plants have a capacity of 350,000 barrels of beer a year with adequate storage facilities for ageing their product.

The capital structure consists of $1,500,000 shares of 7 per cent. preferred which when issued carried a bonus of four-tenths of one share of common stock. There are now 195,145 shares of no par value common outstanding.

Combined earnings of the constituent companies before their consolidation were equivalent to $1.57 on the present issue of common stock after the payment of preferred dividends. It is understood that the rate of earnings applicable to the common this year will be well in excess of this figure.

There is a good market for the stock around 19 on the Montreal Curb where it was listed some three weeks ago.

THREE STOCKS IN ONE GROUP SELL AT PEAK

(Continued from page 1)

luxuries the demand for which must fluctuate, it is pointed out that many lines are staple and that, normally, earnings are stabilized.

Record of these five stocks since January follows:

	Jan. Price	High—1928	—Low	Recent Price	Gain since Jan. 1
American Sales	74	105	71	105	31
Pacific Burt	120	150	110	150	30
F. N. Burt	69¼	79	63	76	6¾
Gilman Fanfold	109	124	109	124	15
Wm. A. Rogers	68	75	65	65	—3

Piggly Wiggly Can. to Open in Winnipeg

Expansion of the Piggly Wiggly Canadian Limited from a corporation with $200,000 capitalization to $1,000,000, with a view to entering new retail grocery fields in Canada, is announced from Spokane, Wash., by George B. Christenson, head of the Washington chain of stores.

Mr. Christenson and his associates have acquired all Canadian rights for the operation of Piggly Wiggly stores outside of Montreal, he said, and on January 1 the Canadian company will open a chain of 20 stores in Winnipeg.

STEAMERS BENEFIT BY GRAIN TRAFFIC

Montreal Handles Huge Grain Traffic in Which Steamers Participate

From Our Own Correspondent

MONTREAL.—The Canada Steamship Lines is benefiting materially from the increased flow of grains this autumn from the prairies to the port of Montreal. The amount of grain handled by and through Montreal this year already stands at new high record figures. In the increase in the grain traffic through Montreal, the Canada Steamship Lines must obviously have participated. Grain exports through the port during the past five years compare with the estimate for this year as follows:

	Bush.
1923	120,107,990
1924	165,139,399
1925	166,212,335
1926	185,897,882
1927	195,247,914
1928 (est.)	208,000,000

Firstbrook Boxes Shares to be Listed on Toronto

Shares of Firstbrook Boxes, Ltd., will be called for trading on the Toronto Stock Exchange within a week or two, according to an announcement of Gairdner & Co., which made the public offering of preferred and common stock last July.

The new factory of Firstbrook Boxes at Mount Dennis, Ont., will be ready for occupancy in January. The floor space is 160 square feet, and the company has direct connections with both railways.

London Canadian Investment Corporation

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Carrying non-detachable common share warrants at the rate of 10 shares for each $1,000 principal amount of Debentures.

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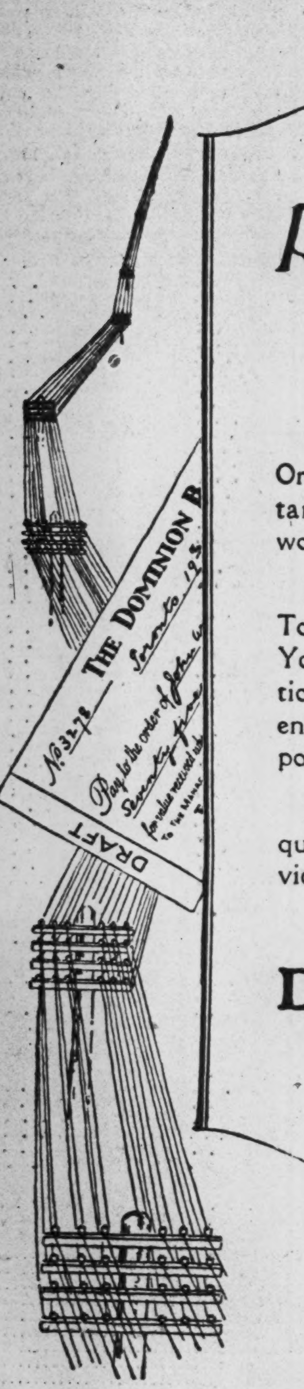

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AMUSEMENT CORP. REPORT REVEALS STRONG POSITION

Gross and Net Earnings Up, Showing $4 a Share on Common

From Our Own Correspondent

MONTREAL.—The annual report of the United Amusement Corporation for the fiscal year ending August 31, makes pleasant reading for the shareholders. Both gross and net profits have appreciated substantially; over $4 was earned on each of the 60,036 common shares outstanding; the company occupies a much more satisfactory liquid position than it did a year ago, and the balance sheet reveals that the company is in a sound position.

During the year well over $400,000 has been spent on acquiring new properties and the company still has in the hands of the trustee for the bondholders another $400,000, a part of the proceeds of the bond issue sold earlier this year, this will be used for further expansions.

Cash account stands at nearly $145,000; but goodwill and franchises are carried at $1,372,291—the only unsatisfactory feature of the report. However, Famous Players Canadian Corporation owns a substantial block of the shares of the United Amusement Corporation and the smaller company perhaps can well afford to capitalize a few of the benefits which have, and are accruing from its association with the one dominant producing and exhibiting company in the Dominion.

Capitalization Changed

The liabilities reveal the changes in the capital structure following the public financing early this year. Last year, mortgages and preferred stock stood at $715,500 and $213,250 respectively. Replacing these items, the balance sheet shows $1,500,000 in bonds and a mortgage of $81,250.

Reserves have been increased by over $350,000 and are carried at $859,939, whilst surplus also shows an increase of $140,000 and appears at $420,069.

The results obtained during the year can be seen in the following comparison of income account and working capital figures at the end of the last two fiscal years:

Year Ending Aug. 31	1928	1927
Theatre op. profits	$401,372	$311,190
Property revenue	25,937	23,455
Other income	58,456	28,218
Total	$485,765	$362,863
Admin. exp.	65,663	50,439
Depreciation	73,063	84,441
Interest	89,127	15,941
Bond underwrig. exp.	7,560	......
Net profit	$250,352	$202,022
Pfd. dividend	4,770	57,240
Balance	$245,582	$144,782
Com. dividend	60,036	30,018
Surplus for year	185,546	114,764
Total	$472,663	$287,416
Income tax	16,789	329
	$455,844	$287,087
Prem. on pfd. stock red.	35,775	......
Bal. sheet surplus	$420,069	$287,087
Working Capital	1928	1927
Current assets	$154,941	$7,079
Current liabilities	93,923	26,055
Net working capital	$61,018	$18,976

President's Remarks

In his remarks to shareholders, E. A. Cousins, president of the company, states, in part, as follows:

"In addition to paying a dividend of $1 per share on the outstanding common stock (as converted) there was also paid one month's dividend on the preferred stock at the rate of 8 per cent. per annum, the redemption of the preferred stock also necessitated the disbursing of a premium of $5 per share, these items with the income tax for the year amount to $115,085, leaving a net balance of unappropriated profits of $326,732.

"During the year the company entered into agreements for a percentage of profits of three theatres, two of them in course of construction. The Granada, our new United Theatre at Sherbrooke, Que., is under construction, and will be opened early in December, and therefore we look forward to another successful term."

LOOKING AHEAD INVESTORS NOT DETERRED BY LEVEL

(Continued from page 1)

prices might recede because stock prices are now too high. But there is only a minority opinion that Canadian stocks are too high in view of the outlook for the country and the unprecedentedly sound position of the leading companies in most of the leading industries.

It may be suggested that the competitive conditions in these days of merged merchandising and industrial operations might bring about economic disaster to the small merchant and the small manufacturer and that such failures, if great in number, might adversely affect prosperity. But an authority on the subject avers that the small merchant who is efficient is surviving and prospering and it was assumed that in this country, as in the United States, the small manufacturer would survive where he was efficient.

Will History Repeat?

So the search for causes of a possible drastic and prolonged market recession continues. The best that has been offered is the reminder that there were bear markets in 1903, 1907 and 1913, to mention only three of many. But the answer may be that there are no precedents for the present situation. In each of the former bear markets there were causes which admittedly are absent now. There is no credit stringency. There is no inflation. Assets are not frozen. The merchant or manufacturer who formerly bowed the knee to his banker is now in competition with the banker in the call loan market.

Perhaps the soundness of these views is important only to the market trader and of slight interest to the investor.

Long-Term View is Bright

There will be fluctuations in prosperity and fluctuations in stock prices. But the question of the immediate future of the stock market should not be permitted to cloud the vision as to the future of the country. Anyone who has faith in the future of the country safely can buy several of the soundest of Canadian common stocks and it is predicted that the average result will be highly gratifying for the person who retains his holdings for five, ten, fifteen or twenty years.

At no time in the history of Canada has the future appeared so bright.

NATION'S BUSINESS

(Continued from page 1)

our Dominion and Provincial Departments of Agriculture? On our agricultural colleges? We have been spending millions of dollars on these, but apparently only a small percentage of the money is going direct to the farmer in the way of education. What is the matter with our Ministers of Agriculture—our deputy ministers—the presidents and heads of our agricultural colleges and experimental farms? If the farm publications, such as "The Farmers' Advocate" can accomplish so much in a practical way to improve our agricultural products, why cannot our Departments of Agriculture and agricultural colleges secure better and more practical results by co-operating closely with such publications?

BANKING PROFITS GAIN SUBSTANTIALLY DURING THIS YEAR

(Continued from page 1)

tion by any means, but still it is an unusual one. It has afforded the banks an opportunity to get a high return on a portion of their funds which in previous years scarcely carried interest itself. The extra interest so derived applies not merely to the new funds loaned during the past year, but to the total out on call in the New York market at least. This total outside Canada was $260,484,996 at the end of September, 1927, and $308,126,935 at the end of September, 1928, and on the past year it may have averaged about the former figure. A difference of one per cent. in the New York rate for call money therefore means about $2,600,000 a year to the Canadian banks, and two per cent., which is more like the increase for the year, means over $5,000,000. So far as loans on securities in Canada are concerned, there is nothing like the same advance in rates, but they at least have averaged as much as they did in the preceding year, and the amount of money loaned is greater.

Ten Millions Gained

In this way, by simple arithmetic, it is easy to figure an extra revenue of possibly $14,000,000 from current loans and call loans. Current loans in the Dominion of Canada are less than a year ago, so there is probably some reduction in revenue there. But allowing for this, and for the increased interest paid on deposits, still leaves about $10,000,000. That, of course, is not by any means the whole story, since there is always expense which varies in some degree in accordance with volume of business, and losses have to be provided for as well. The banks show only their net profits, and their total for their last financial years was $23,047,156. Out of this, $16,238,853 was paid to shareholders in dividends and bonuses. After all other appropriations, their profit and loss balances showed an actual decrease of $743,863, but $2,525,000 had been appropriated to reserves, while $2,056,462 had been applied to depreciation of premises, so that on the whole the banks had a considerable margin.

In view of the above facts, however, it is clear that a good gain in net profits may be expected this year. It will be small when compared with the possible gain in gross revenue. But it is in years such as this that the banks make provision for less favorable times, and it has been fortunate for them, and for the public which they reserve, that they have taken this precaution in the past.

Consolidated Balance Sheet

Study of the Canadian banks from this angle shows how important a shifting of assets may be from the viewpoint of earnings. There is shown herewith what may be termed a consolidated balance sheet of the chartered banks of Canada, extended to give an estimate of earnings from productive assets, and of payments which must be made on interest bearing liabilities. The amounts in the first column are the official figures as at the end of September last. The percentage rates have been estimated after consulting several bank officials. The estimates of annual earnings and payments are then made by simple multiplication. The figure of $10,000,000 for earnings from exchange, etc., is a guess, for there is no basis on which any calculation can be made, but bankers consider this figure well within the range of possibility.

It will be seen that earnings of nearly $154,000,000, less payments of about $62,000,000, leaves about $92,000,000. Out of this comes the whole expense of operating the banks, and profits for shareholders. The net profits reported for last year, we have seen, were $23,047,156. For this year they may be as much as 10 per cent. higher, or $25,000,000. In any case about $67,000,000 remains. Salaries are the principal item to come out of this. There is no census of bank employees in Canada, but there were over 20,000 about the war period, and the number now must be at least 30,000. At an average salary of $1,500, this would mean $45,000,000. But there are other items that run into several million dollars each. The upkeep of premises is one, and the stationery bill is certainly another. Losses must also be met, and taxes paid. Obviously such an estimate cannot be pursued very far.

The value of this analysis, however, is not so much in the position shown as at any one time, as in the light it throws on current changes. A bank is an intricate organization, deriving its revenue from a variety of services. Premises and cash resources are essential, but they do not of themselves bring profits. Earnings fall into three main groups—interest or discount on loans, interest on dividends on securities held, and earnings from exchange and similar services. Turning to our figures, it is clear that current loans are the most important. Rates as high as 8 per cent. are obtained on certain of these loans, but it is the opinion of Canadian bankers that they do well if they average 6 per cent. Some years ago such loans carried almost the whole weight of the Canadian banking structure, but more recently the call markets have been used to a greater degree, and provide quite a large part of the present earnings. Security holdings, which are also higher than some years ago, at least yield enough to pay interest on that part of the deposits and some expenses as well, but they do not make profits. Efforts have also been made in recent years to broaden earnings by careful analysis of the cost of collections, and receipts from exchange, etc. have now removed at least a little of the burden from the business borrower.

On the liability side the outstanding item is the interest paid to savings depositors. The present rate of three per cent. is firmly established but these means hardly more than half this on the average amount on deposit because interest is figured on the minimum monthly balance. With general tendencies as they are, it will hardly be increased, but on the other hand no reduction need be expected unless earnings drop a good deal below their present level. Demand deposits in Canada are really a complex item. Most of them do not carry any interest, but on a certain proportion, where minimum balances are maintained or other arrangements are made, rates of 2 per cent. or 2½ per cent. are allowed, hence the estimate of one per cent. for the class as a whole. Deposits outside of Canada are even more complex, being partly on notice, with interest rates varying according to the banking practice of the country.

Net Profits and Appropriations of Canadian Chartered Banks for Last Fiscal Years

Bank	Net Profits	To Shareholders	Taxes	Premises	Pension Funds	To Reserves, etc.	Balance
Montreal	$ 5,299,888	$ 4,188,338	$ 374,167	$ 350,000	......	$1,000,000	—$612,617
Nova Scotia	2,365,320	1,600,000	100,000	250,000	95,000	500,000	— 179,680
Toronto	1,165,432	650,000	150,000	150,000	50,000	......	165,432
Can. Nat.	903,201	550,000	100,000	......	35,000	125,000*	93,201
Commerce	3,726,910	2,600,000	475,000	250,000	203,885	55,000†	143,025
Dominion	1,328,496	780,000	165,527	250,000	45,000	1,000,000	— 912,031
Imperial	1,383,282	910,000	160,000	250,000	42,500	......	20,782
Provinciale	508,608	360,000	63,600	51,034	.....	......	33,974
Royal	5,370,146	3,984,988	485,000	400,000	100,000	......	400,158
Standard	917,658	578,808	98,234	100,000	40,000	......	100,616
Weyburn	78,215	36,719	7,791	5,428	.....	25,000	3,277
Totals	$23,047,156	$16,238,853	$2,179,319	$2,056,462	$611,385	$2,705,000	—$743,863

*Annual payment to Quebec Government.
†Donations and subscriptions.

Approximate 1928 Earnings of Banks
Assets as at September 29, 1928

	Amount	Approximate %	Earnings Annually
Cash assets	$ 433,026,187	..	......
Securities	486,464,292	5	24,323,214
Call loans	554,745,669	5	27,737,283
Current loans	1,429,806,177	6	85,788,370
Loans to Govts. and Mun.	116,225,959	5	5,811,298
Mortgages on real estate	6,808,094	4	272,324
Other assets	274,613,292	..	......
Total	$3,301,689,670	..	$148,932,489
Exchange, etc.			10,000,000
Estimate of total earnings			$153,932,489

Liabilities

	Amount	Approximate %	Payments Annually
Notes in circulation	$ 193,492,520	..	......
Due to governments	47,386,846	3	1,421,605
Advances under Finance Act	54,630,000	4.5	2,458,350
Deposits, demand in Canada	653,196,213	1	6,531,966
Deposits, savings in Canada	1,484,814,579	3	44,544,487
Deposits elsewhere	371,542,736	2	7,430,856
Due to other banks	93,647,209	..	......
Other liabilities to public	111,051,916	..	......
Capital and reserves	256,331,360	..	......
Dividends payable, and balances in profit and loss	35,595,891	..	......
Total	$3,301,689,670	..	$ 62,387,213

Tape Readings

Report of McKinnon Industries will be out next week. It is said that earnings of $6 per share on the common will be shown, after depreciation and all other charges. McKinnon Industries is one of those companies which has been prospering in making automobile parts. A year ago McKinnon made $3 per share on its Canadian operations and lost $1 per share on its Buffalo plant. It is understood that the Buffalo plant has been doing better.

* * *

An issue of Sarnia Elevator Co. may be announced shortly. James Playfair, of Midland, bought the company several months ago. It is reported that one of the larger investment houses may underwrite an issue of stock. Details are lacking.

Earnings of Hinde & Dauch Paper Co. are said to be running in excess of $2 per share. There are 300,000 shares outstanding and it is reported that a block of several thousand shares is overhanging the market. The price currently is 24 to 25.

* * *

Tip Top Tailors is one of the newer issues which has been more active in the last week. Business is said to be 20 per cent. ahead of last year and it is reported that no additional stores will be opened until factory equipment is available to take care of sales from the retail stores. The factory is working overtime at present.

* * *

Holders of power stocks who were becoming impatient, have been encouraged in the last week by the rise of four or five points in the market value of Power Corp.

* * *

From Belgium comes word that profits of Sidro, otherwise the Société Internationale d'Energie Hydro-Electrique, will be 135,000,000 francs, compared with 67,000,000 francs for the preceding year. This is the company in which the late Capt. Loewenstein was interested. An affiliated Canadian company, in which Sir Herbert Holt is interested, is Hydro-Electric Securities Corp. It was this latter company which two years ago proposed to issue preferred and common shares in exchange for Brazilian. Few, if any, Brazilian holders accepted the offer, especially as E. R. Wood advised against it. Brazilian holders have done better by keeping their own.

* * *

Important brokerage interests continue to recommend Brazilian as a common stock investment for the long pull. Incidentally, the stock touched a new high in the current week. The October earnings, just available, show another gain in gross and net. Net earnings from January 1 to the end of October are $20,585,085, compared with $18,394,841 in the corresponding period of a year ago. This is an increase of $2,190,244.

* * *

G. Tamblyn, Ltd., is expected to report earnings of $4.25 per share after all charges.

* * *

The market hears of the prospect of an early dividend on Power Corp.

Nation's Commerce

Activities of Canadian Chambers of Commerce from Coast to Coast

From Our Own Correspondent

MONTREAL.—On Nov. 27, the Toronto conference, arranged by the Canadian Chamber of Commerce between its executive and the deputy ministers of agriculture from the various provinces, will be held. The Chamber has been preaching the gospel of a closer working relationship between industry and agriculture for some time past, and the coming conference is significant in that it represents a practical effort to seek some means to further co-operation between these two factors so vital to Canada's development.

An agenda, covering many questions of importance, has been prepared. Each representative of agriculture has been asked to give his views on one or more of the questions submitted. The result should be an exchange of ideas and a better understanding of each others problems which can only be obtained through the friendly medium of a round table conference.

* * *

With a view to making a closer contact with the farming community the Calgary Board of Trade has conducted, in co-operation with the provincial department of agriculture, two competitions in the past year. One was a standing grain competition, and the other a good farms contest. The 64 competitors were the guests of the Calgary Board at a luncheon held recently.

* * *

The current issue of the "Commerce of the Nation," official organ of the Canadian Chamber contains an analysis of the structure of the Montreal Board of Trade. The article is by J. Stanley Cook, secretary of that organization.

* * *

Encouraging results are being obtained from the community industrial survey which was inaugurated by the Chamber recently. The number of replies to this and to another questionnaire sent out regarding the activities of local Boards and Chambers indicate a widespread desire of these groups to co-operate with the Canadian Chamber.

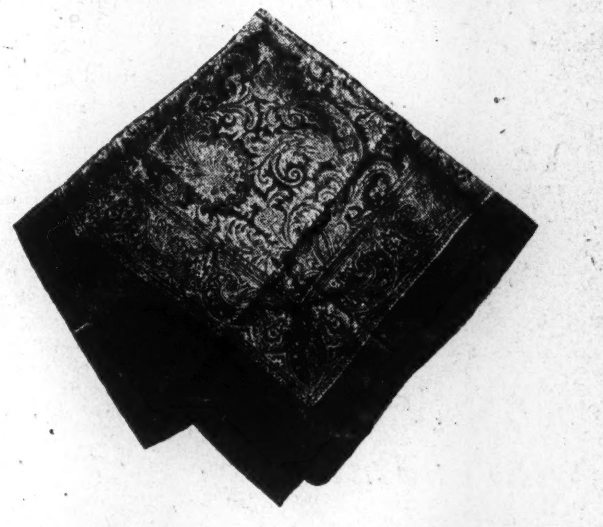
McMillan Gold Mines

McMillan Gold Mines, Limited, which was approved for listing on the Standard Mining Exchange, has an authorized capitalization of 3,000,000 shares of $1 par value, of which 1,000,000 shares have been issued.

A. G. Lawson Joins Pitfield & Company

Announcement is made of the retirement of A. G. Lawson from Hanson Bros., to become a member of the new firm of W. C. Pitfield & Company.

The Store for Men



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The Store for Men—Street Floor.

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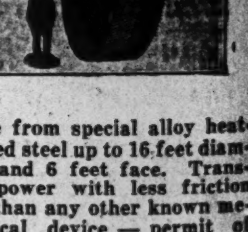

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Canada's Wheat Exports Show Secretary Jardine Talks Through His Hat

To Nov. 1 All Records in Shipments Were Broken

BEATING U.S. TO IT

Facts of Situation Are That Canada is Selling Its Surplus Wheat More Easily Than American Farmer

From Our Own Correspondent

WINNIPEG.—Canada's exports of 105,101,466 bushels of wheat and flour from August 1, 1928 to October 31, 1928, as compared to 51,101,833 bushels for the same period last year makes about the best news that Canadians have received this year.

With the heavy world export surplus, it was feared that it might be difficult to even equal our last year's exports. The 54,000,000 bushel gain does not entirely represent increased world requirements as world shipments were only 27,000,000 bushels higher to November 20 than to that time a year ago but is to an important degree business taken away from United States, our chief competitor at this stage.

Reduced U. S. Wheat Exports

The suggestion advanced in The Financial Post early in the marketing year, that this season the United States would probably have more difficulty than Canada in getting rid of surplus wheat is substantiated by the facts so far apparent, that country's exports of wheat and flour from August 1 to November 3, being only roughly seventy million bushels as compared to one hundred and twenty million bushels last year to the same date.

United States only exports the lower grades of wheat and our disposal of No. 4, 5, 6 and feed wheat was materially checked last year by the competing United States low grades. This season our lower grades have splendid milling, baking and blending qualities which was not the case a year ago. The shoe is now on the other foot and some one else is feeling the pinch while Canadian wheat floods into the world's deficiency countries in impressive quantities.

Mr. Jardine Versus Laboratory

Millers, the world over, do not take long to find out just what our wheat is really worth from the milling standpoint. Announcements, such as Mr. Jardine, United States secretary of Agriculture, made last week, branding Canadian 1928 wheat as poor in quality only brings smiles to millers who weeks ago settled in their own laboratories just how superior our wheat, particularly the low grade portion, is this year.

If United States' millers would accept Mr. Jardine's opinion as correct and refrain from milling any of our wheat in bond for export this year, some good might come of it, but of course not to the country Mr. Jardine had in mind when he made the statement.

For years, United States millers have strengthened the quality of their export flour by adding Canadian wheat and as a result have been able to retain business which otherwise would have been lost, probably most of it to Canadian millers. The latter will not be slow to act if the American millers will only accept Mr. Jardine's opinion.

Incidentally, if the Dominion tariff board is seeking to perform a really helpful act in building up Canadian institutions this United States practice of milling Canadian wheat in bond for export would well prove worth an examination.

In past years, whether the crop was large or small, the percentage of wheat delivered by November 20 has ranged from 34 to 36 per cent. of the year's total marketings. Last year was an exception because of the large quantity remaining over in the fields unthreshed until spring and the wheat deliveries after November 20 represented 47 per cent. of the total for the year. Ignoring last year's exceptionally large late delivery and taking the smallest percentage of other years would indicate a total delivery of wheat incompatible with the bureau estimate of 479,000,000 bushels. Add 55,000,000 for seed, feed and country mill requirements and it looks like well over a 500,000,000 bushel crop.

Based on Dominion Bureau estimate, only 23 per cent. of the year's total prospective deliveries remain to come off the farms. This low percentage is unprecedented and hardly probable in view of the way the wheat movement is acting.

Wheat deliveries since August 1 and November 20 total 322,000,000 bushels as compared to 210,000,000 bushels last year. Farmers at country stations are calling for cars and daily marketings are continuing heavier than was the case last year.

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Heywood Wakefield Plan to Increase Orillia Plant

Heywood, Wakefield Company of Canada, is contemplating a considerable increase in weaving facilities at its Orillia, Ontario, plant.

Up to the present time this plant has woven fibre webbing at Orillia, chiefly for the use of the company itself, and has supplied most of the Canadian trade with fibre webbing from the plant in the States. It is now proposed, however, to weave all fibre webbing for Canadian trade in Orillia. This will mean the installation of more looms and other machinery at the Orillia plant, which will result in the employment of an additional number of workmen.

The Heywood-Wakefield Company of Canada is the owner of the Lloyd patents, which protects this weaving process, and a recent decision in the States whereby the patents were sustained will be followed up by active steps on the part of the Canadian company to maintain all patent rights in Canada.

DOMINION BRIDGE HAS GOOD OUTLOOK

Holdings in Subsidiary Form Big Asset at Present Market Price

From Our Own Correspondent

MONTREAL.—While the earnings of the Dominion Bridge Company for the fiscal year which closed October 31 last will show a satisfactory increase over those of the preceding year, it is felt that the really large earnings of the company are yet to come. The best part of the earnings which the company will make from the new Montreal South Shore Bridge will not be seen in its statements until the structure is completed and it is understood that more new business is in the offing for the company. Its plants are operating at capacity and its subsidiary, the Dominion Engineering Works, is doing a substantial business; hence, the interest which the stock is reflecting marketwise.

Prosperous Subsidiary

Recent reports have been to the effect that Dominion Lngineering has closed some important contracts for hydraulic machhinery. This is a line in which the company specializes to a large extent, and the new business is expected to add materially to earnings for the current year.

In addition to this, its recently created subsidiary, the Dominion Welding and Engineering Company, has secured a valuable contract for the welding in the Detroit-Windsor tunnel. The value of this contract has not been published, but it is of a size sufficiently large to keep the company busy for a year.

At present market levels the Dominion Bridge Company's holdings in Dominion Engineering, which constitute approximately 57 per cent. of the common stock of that company, have a market value of $6,874,092. This is equivalent to approximately $19 a share on the 365,265 common shares of Dominion Bridge Co. outstanding.

Salmon Pack Higher

The canned salmon pack of British Columbia, up to date, is ahead of the same period of last year, according to a report of the canned salmon section of the British Columbia Division of the Canadian Manufacturers' Association. The total up to mid-October was 1,484,000 cases against 1,101,000 cases for the same period in 1927.

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Failure of Manufacturers' Finance Has Bearing on Situation

From Our Own Correspondent

MONTREAL.—An echo of the Manufacturers Finance Corporation debacle is heard in the assignment of the Quebec Realty Corporation of Montreal, made on October 18 last. P. L. Turgeon, of Chartran and Turgeon, has been appointed trustee. It is understood that there is no hope of any payment being made to shareholders of either preferred or common stock, and even creditors will receive only a negligible amount on the dollar.

Poor investments and the company's associations with the Manufacturers Finance Corporation, now in liquidation, are said to be factors which have contributed to the company's downfall.

Formed in 1927

The company was formed in May, 1927, with a capital structure of 7,000 preferred shares authorized and 4,850 issued, and 10,000 shares of common issued. The preferred stock was sold carrying half a share of common.

The corporation, according to the prospectus, owned in fee simple and operated modern apartment buildings containing a total of 268 apartments having a successful record of occupancy and profitable operation. Actual earnings after the financing carried out were estimated to be one and one-half times the interest requirements on the preferred stock outstanding. The president of the company is Hon. J. A. McDonald.

Lake of the Woods is Doing Better Business

From Our Own Correspondent

MONTREAL.—The Lake of the Woods Milling common stock has been a little stronger of late. It is said that the company so far in its current fiscal year has been experiencing improved earnings and that the outlook for the future is better. Of late, due to the sluggish action of the milling stocks, Lake of the Woods has been neglected and investment attention has been confined mostly to the faster moving securities.

While Lake of the Woods may be expected to show materially better earnings during the current year, there is nothing yet to indicate that the adverse factors which have affected the milling industry generally, principally the unsatisfactory demand in export markets, is due for any real betterment.

VICKERS IS ACTIVE ON MONTREAL CURB

Extension to Double Present Aero Plant Capacity is Planned

From Our Own Correspondent

MONTREAL.—The recent activity in the shares of Canadian Vickers which sold up to a new high, 44, on the Montreal Curb Market this week, is a reflection of the large volume of business which the company has on hand at the present time.

The company recently secured the exclusive rights for the manufacture of the Fokker aeroplane in Canada and is now getting into production with this widely used model. This contract, together with the contract signed earlier in the year with the Wright Whirlwind Motor Company, places Canadian Vickers in a dominant position in the manufacture of aeroplanes in Canada.

The rapid increase in the use of air transport in Canada has forced the company to quadruple the capacity of its aeroplane plant in the current year, as it is understood that tenders will be called shortly for contracts to enlarge the present plant. The capacity of the plant was doubled some six months ago, and present expansion contemplated will bring its production up to four times what it was one year ago.

The company is also getting the benefit of the large amount of construction going on in the country at the present time, and it is understood that 1,200 men are now employed in structural steel, shipbuilding and repair departments. An unconfirmed and unlikely rumor states that Canadian Vickers has secured a contract from the Dominion Government for a battleship at a cost of $1,250,000. If this be so, it is the first time that any contract of this type has been let to a Canadian company.

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Canadian Salt Company Deal Has Been Ratified

From Our Own Correspondent

MONTREAL.—The shareholders of the Canadian Salt Company have accepted the offer made by the Canadian Industries, Limited, for their stock. The shareholders accepted the $250 in cash offer of the Canadian Industries which offered an alternative figure in cash sufficient to pay off the company's obligations, including its bonded indebtedness with premiums and sufficient also to pay its shareholders on liquidation of the company, $225 per share. Hence, the capitalization of the company will remain unchanged and its bonds will remain outstanding, but the Canadian Industries, Limited, will own all the common shares.

Lumber Business in East Shows Sound Improvement

From Our Own Correspondent

MONTREAL.—In view of the improvement of the lumber business in Eastern Canada during the last two or three years it is expected that the reports that will be submitted at the 21st annual meeting of the Canadian Lumbermen's Association will indicate the revival of the lumber industry in that district.

The meeting will be held in Montreal January 29, 30 and 31. The retiring president of the association is J. B. White, vice-president of the Canadian International Paper Company. The convention will be attended by representatives from Eastern Canada, and several American visitors who are interested in the spruce trade are expected.

Canadian Converters Has Good Six Months

From Our Own Correspondent

MONTREAL.—Business of Canadian Converters during the first six months of its current fiscal year, which ended October 30 last, has been satisfactory. Sales have been good in nearly all departments with prices much similar to a year ago. The company has a wide distribution of its products throughout Canada, and crop conditions with the anticipated increase in buying power in the West play an important part in the consumption of the company's output. This is expected to be reflected in the earnings of Canadian Converters. The entire capitalization of the company is 17,335 common shares which carry a 7 per cent. dividend. They are closely held.

Demand for Homesteads

During the week of October 9th to 15th, inclusive, 85 homesteads were taken out at the Edmonton Land Office. This compares very favorably with the records throughout the summer, and is very much in excess of the number filed upon during the same period of 1927, when 16 homesteads and one soldier's grant were taken out.

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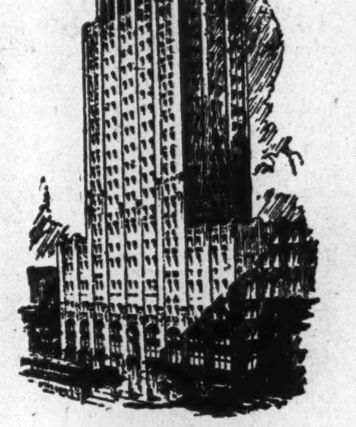

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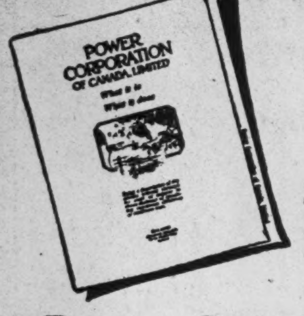

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Canadian Capital in Canam Metals

A new corporation with headquarters in Duluth, to be known as Canam Metals, Limited, has been organized by Canadian and American interests to carry on a general exploration and mining business.

Already interested heavily in Canadian properties, noticeably near Sudbury, Ontario, and in the Chandière district of Quebec, Canam Metals has recently concluded a deal involving $1,000,000 in cash payments covering six months, for five producing properties of Childress Lead and Zinc Co., in the Tri-State district, United States, with five milling plants and present capacity of 4,000 tons daily.

Public Utility Investments

CONSUMERS' GAS GROSS BUSINESS STILL GROWING

Net Earnings Up $275,696, Totaling $2,092,880 for 1928

ONE BRANCH UP 50 %

Industrial Users Grow In Number and Volume Grows Also—Investment in Plant and Equipment Higher

Consumers' Gas Company of Toronto had net earnings of $2,092,880 in the year ended September 30, 1928, compared with net earnings of $1,817,184 in the previous year, an increase of $275,696. In addition, there was other income, principally interest, totaling $57,283 in 1928, compared with income under this head of $92,713 in the previous year.

Gas sales grew from $5,426,099 to $5.642,557. Residuals produced increased from $1,274,331 to $1,360,697. Merchandise sold totaled $433,850 compared with $378,877 the previous year. Miscellaneous revenue was down from $14,443 to $11,409. Thus, gross revenue was $7,448,615, compared with $7,093,752 in the previous year.

Operating and administration expenses grew with gross sales, this item standing at $5,355,634 for 1928 compared with $5,276,657 the previous year. Of the net revenue of $2,150,164, dividends required $1,200,000, as in the previous year, and $888,614 was transferred to the plant and buildings renewal fund, compared with $853,250 so transferred the previous year.

Fixed Assets Higher

The special surplus account, the size of which regulates the price of gas sold by the company, is increased $61,550, compared with a reduction of $142,552 the previous year, and now stands at $150,712.

The balance sheet reveals gross assets increased from $20,739,203 to $21,874,575, the increase being occountable largely to the added investment in real estate, plant and equipment, this item now standing at $18,564,743, compared with $17,568,111 a year ago, an increase of slightly more than $1,000,000. Other investments are reduced slightly, from $1,636,237 to $1,631,582.

Principal changes on the liabilities side of the accounts are in the plant and buildings renewal funds, which now totals $1,643,142, compared with $1,443,809 a year ago, and a bank loan of $904,671. A year ago the company had no bank loan and the present one will be wiped out with the proposed issue of additional stock.

Materials Still Costly

The report of the company signed by A. W. Austin, president, points out that on September 4 the company delivered 20,108,000 cubic feet of gas, this constituting a record day's output for eighth time in the fiscal year. There were slight reductions in the cost of gas coal and gas oil during the year, but these still are substantially higher than before the war.

As previously intimated in The Financial Post, the largest percentage of growth for the company is through its industrial department. There are more large users of gas for industrial purposes than formerly and the number of users for gas in industry constantly is increasing. The increase is 50 per cent. in the industrial department. The company also has been selling gas for heating homes. The consumers are given special consideration where they contract not to use any other form of fuel for heating their homes.

The company at times during the year employed as many as 1,600 persons and the wage bill totaled $2,052,152. The directors reported the purchase of additional property on Toronto Street, giving the company ownership of a corner lot 133 feet by 161 feet. It is understood that a new head office building will be constructed within a year or two.

At the close of the fiscal year, the company had 160,347 meters installed, an increase of 4,617 over the previous year.

Following is the income and surplus account for the last six years:

Consumers' Gas Co. Income and Surplus Account, Years Ending September 30

	1928 $	1927 $	1926 $	1925 $	1924 $	1923 $
Gross earnings	7,448,615	7,093,752	6,999,399	6,623,346	6,615,045	6,883,353
Less:						
Expenses and taxes	5,355,634	5,276,567	5,187,916	5,072,422	5,122,504	5,498,649
Interest	....	....	....	....	....	8,586
	5,355,634	5,276,567	5,187,916	5,072,422	5,212,504	5,507,235
Net profits	2,092,880	1,817,185	1,811,483	1,550,924	1,402,541	1,376,118
Other income	57,283	92,713	57,273	32,210	40,290	....
Total	2,150,164	1,909,898	1,868,756	1,583,134	1,442,831	1,376,118
Less appropriations:						
Dividends	1,200,000	1,200,000	1,049,349	895,176	798,741	689,253
Plant & building renewal	888,614	853,250	790,599	710,281	634,235	591,002
Surplus for year	61,550	x143,352	28,808	x22,322	9,855	95,863
Add previous surplus	89,162	232,514	203,707	226,030	216,175	120,312
Balance carried forward	150,712	89,162	232,515	203,707	226,030	216,175

x—Debit.

International Paper Financing Foreseen

From Our Own Correspondent

MONTREAL. — Rumor still indicates that the International Paper Company is to undertake new financing comparatively shortly. Just what form the new financing will take is not yet known. It is hardly likely that the company would issue new preferred stock with earnings at present not equal to preferred stock dividends requirements. International Paper though, has gigantic assets in Canada which have not been mortgaged by the issuance of bonds.

TWIN CITY FILES APPEAL TO BOARD FOR HIGHER FARE

Application Delayed to Keep Issue Out of Politics

Advices from St. Paul, Minn., are that the Minnesota railroad board will set a date this week for the hearing of the application of the Twin City Rapid Transit Co. for increased fares in St. Paul, Minneapolis, Stillwater, South St. Paul and Bayport. Application of the company for higher fares closely followed the election, having been delayed so that the street car fare situation would not be made a campaign issue. Rumors in St. Paul are to the effect that an increase is certain and that the new rates will probably be two tickets for 15 cents and an increase in cash fares from 8 to 9 or 10 cents.

Decline in Passengers

In a statement accompanying the application, President Horace Lowry says:

"The increase granted us January 1, 1926, did not anticipate this unprecedented falling-off in passengers. From 1920 to 1927 the population of St. Paul and Minneapolis increased 10 per cent. During this period revenue passengers decreased 25 per cent. and registered automobiles increased 102 per cent.

"There is some confusion in the public mind as to the meaning of 'reasonable return on the value of the property.' Let it be understood that a fair return does not mean a return on the outstanding stocks and bonds of the company. A reasonable return on the fair value of the property never has been and cannot be a guaranty of any earnings on stocks and bonds. It is a return on the established value of the property."

Value Behind Shares

According to the valuations which have been approved by the Minnesota Railroad and Warehouse Commission, there is a property valuation of approximately $100 for each share of common stock, which has been selling recently at from $37 to $39 a share.

Horace Lowry, president of the Twin City Rapid Transit Company, reports that the rate of return on investment has been 4.15 per cent. on the state commission's fair value as of January 1, 1928, for Minneapolis operations and the return 2.53 per cent. on the St. Paul operations. The petition asks for an increase in fare to permit a fair return on valuation, but does not mention any definite amount. The application charges that "your petitioner's property is being taken without due process of law, and your petitioner is denied the equal protection of the laws and the maintenance of the said present rate of fare as so fixed and established denies to your petitioner rights secured it, by the Minnesota and Federal constitutions."

British Demand Boosts Power Corporation Stock

From Our Own Correspondent

MONTREAL.—During the past two weeks, nearly 25,000 shares of Power Corporation have been purchased in Europe. The demand has resulted in an increase in the market's valuation of the stock. The appreciation in the shares of Southern Canada Power, Canada Northern Power and B. C. Power, has added appreciably to the market valuation of the Power Corporation's holdings. It is understood that the market value of the securities held by this investment company is some $10,000,000 in excess of the book value of its holdings.

INVESTMENT NATURE OF CONSUMERS GAS CHANGED BY RULING

(Continued from page 1)

company's books would be labor lost but states that G. T. Clarkson, the government's auditor, will be named to audit the books if the city will pay the cost. The government does not object to a reasonable service charge, sees no need for special legislation and it does not appear to the government that there is any need for the company to keep separate books covering its business in municipalities outside Toronto.

As the representations made to the cabinet some three weeks ago were the result of the attacks by civic politicians on the gas company serving Toronto and environs, and as the government's attitude upholds the gas company in every particular except in the matter of allotting stock, the prime minister's statement is of general interest to shareholders. It follows in full:

Some time ago the Consumers' Gas Company made application in the ordinary way to the department of the provincial secretary for supplementary letters patent authorizing an increase of its capital from twelve to twenty-five millions of dollars. Representatives of the city asked that the application be not granted until the city and others interested had an opportunity of presenting their objections to the Cabinet. At the city's request, the hearing was fixed for Friday, the second instant, when Mr. Geary appeared on behalf of the city and Mr. Tilley appeared for the Consumers' Gas Company. A number of controllers, aldermen and representative citizens were present, all of whom were given an opportunity of presenting their views.

No Objection Increase

It was intimated at the conclusion of the hearing that no great objection appeared to be raised against the amount of the increase. It was quite apparent that the real objection was urged against the suggested method of the disposition of the new stock.

The government has since then carefully considered the manner in which this additional stock should be disposed of. The company's supplementary letters patent of 1913 did not permit stock to be allotted to shareholders. It was required that it should be sold by auction or by tender. In 1914, however, further letters patent were issued which authorized allotment and the company, by its formal petition, asks that the right to allot given in 1914 at not less than $150 per share be continued as to the new stock to be issued. It points out that prior to 1914, the public failed to purchase the whole of the stock offered, and states that that method of financing failed. They argue that allotment among shareholders is the best method of disposing of stock, and is fair to the consumers of gas provided the allotment price bears a fair relation to the market price.

Is Minimum Price

The figure 150 was not put forward, as the Government understands it, as the price at which the stock would be allotted, but is a minimum price, and if present conditions continue the actual price would undoubtedly be considerably higher. The company disclaims any desire to benefit its shareholders at the expense of the consumers and in order that its position might be clear, it presented a resolution passed by the directors on October 1 last, which reads as follows:

"The manager read the objections raised by the city to the pending application for increase of capital stock as the same have appeared in the public press. After discussion, it was unanimously resolved that the government be advised that the company is willing that the new capital stock to be issued from time to time shall be sold by public auction or by public tender or by allotment or partly by one method, and partly by another, as the government may now decide in the circumstances to be the best method."

On behalf of the City of Toronto, Mr. Geary urged with great force that the allotment of stock among shareholders might entirely destroy competition and permit what is commonly known as "melon cutting," whereby shareholders receive stock at less than its real value. He did not charge the company with unduly favoring its shareholders in the past, but he objected to the principle underlying non-competitive selling of stock, particularly in the case of a public utility where municipalities have a direct interest in the profits of the company.

After giving the matter the fullest consideration, the government is of the opinion that effect must be given to Mr. Geary's contention. Assuming, as the government is prepared to do (there being no allegation to the contrary put before us) that the company has acted with entire fairness between its shareholders and consumers since 1914, during which period allotment has been the practice, nevertheless all parties interested in the company are entitled to have the sale of stock surrounded by such safeguards as will eliminate any apparent conflict of interest.

Care for Expansion Period

The government, has, therefore, decided that the provisions of the supplementary letters patent of 1914, permitting allotment of stock, shall no longer apply, but the provisions of the letters patent of 1913 shall apply to the issue of this new stock. It is stated that the increased capital was intended to take care of an expansion period for ten or twelve years. It is, therefore, thought proper to limit the amount of stock that the company may issue in any one calendar year to $1,250,000.

One or two other questions were not disposed of at the hearing. The city requests an audit. It is pointed out for the company, and not denied by the city, that there have been a great number of audits during the last ten years. The company says some 15 annual or special audits have taken place, some of them under the supervision of Thomas Bradshaw and other gentlemen of high standing. The last of them, I believe, occupied over three months. While it is difficult to see with this number of audits and apparent thorough investigation, how anything of substance has been overlooked, the government is quite willing, if the city so desires and will undertake the expense, to direct that a further audit be made by G. T. Clarkson, the government's auditor. But if the city desires this, it should so elect within three months. If such audit is undertaken, the government will see that the auditor is afforded access to all the company's papers and documents, so that he will be able to make an exhaustive report on the company's affairs.

Service Charge Is Upheld

Two other matters were complained of. Objection was made against the company's service charge. The government is disposed to think that a reasonable service charge, the receipts from which form part of the company's revenue and go to reduce the price of gas to consumers, is not objectionable. The other objection was to the manner of keeping accounts of the consumers resident in different municipalities. The Consumers' Gas Company, it seems to us, must be regarded as one large public utility organization, and it must expand in anticipation of the rapid development taking place in and about the City of Toronto. The Act of 1887, so far as it is to be regarded as a statutory contract, seems to have been made with other municipalities as well as Toronto, and it would appear not to be unreasonable on the part of the company that it does not split up its undertaking for accounting or for other purposes. However, if the city decides to have an audit by Mr. Clarkson and they desire to have these two subjects inquired into and reported upon, the auditor will be requested to report fully upon both these matters.

In view of some suggestion that took place at the hearing that this matter should be dealt with by special act of the legislature, it may be well to point out that the procedure adopted in this application is in full accord with the practice established by the law of the province many years ago and which has worked very satisfactorily. The government can see no reason for departing from it in this case.

Public Utility Earnings

Southern Canada Power

	Oct. 1928	Oct. 1927
Gross earnings	$172,171	$137,659
Operating expenses	58,425	48,239
Net earnings	$113,746	$ 89,420

Northern Mexico Power

October—	1927	1928	Increase	%
Gross	$ 128,415	$ 142,515	$14,099	10.98
Net	105,663	119,716	14,052	13.28
For 10 Months—				
Gross	1,271,759	1,337,541	65,781	5.17
Net	1,060,030	1,114,845	54,814	5.17

B. C. Electric

September—	1927 $	1928 $	Increase $
Gross earn.	1,059,017	1,084,426	25,409
Expenses, maintenance, etc.	756,298	758,107	1,809
Net income	302,719	326,319	23,600
Aggre. gross †	3,152,646	3,318,921	166,275
Aggre. net †	850,915	935,365	102,450

†—From July 1 to Sept. 30, 1928.

Winnipeg Electric

August—	1927 $	1928 $	Increase $
Gross earn.	437,665	462,591	24,926
Expenses	301,028	332,703	31,675
Net earn.	136,637	129,888	x6,749
Aggre. gross †	3,899,289	4,044,260	144,971
Aggre. net †	1,370,075	1,278,851	x91,224

†—From 1st Jan. to end of Aug.
x—Decrease.

Can. Western Natural Gas

	1927 $	1928 $	Increase $
January	199,753	263,065	63,312
February	193,421	197,750	4,329
March	168,005	196,107	28,102
April	141,436	173,618	32,177
May	102,615	99,446	x3,169
June	71,993	66,761	x5,232
July	49,290	57,759	8,469
August	43,755	50,757	7,002
September	60,847	69,514	8,667
Aggre. earn. †	1,031,115	1,174,772	143,657

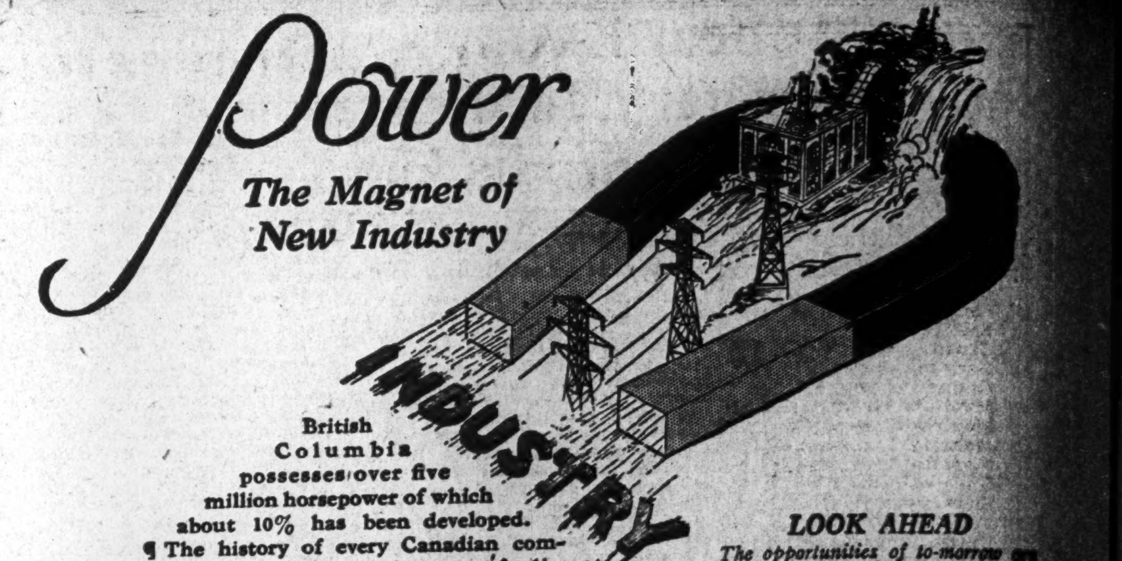
x—Decrease.
†—From 1st Jan. to 30th Sept.

Brazilian Traction

October—	1928	1927	Increase
Gr. earn.	$3,710,347	$3,305,659	$404,688
Oper. exp.	1,562,910	1,395,269	167,641
Net earn.	$2,147,437	$1,910,390	$237,047
Ten Months—			
Gr. earn.	$35,403,057	$31,724,786	$3,678,271
Net earn.	20,585,085	18,394,841	2,190,244

Figures for the past thirteen months follow:

	Gross	Net	Increase
1927—			
October	$3,305,659	$1,910,390	$127,436
November	3,303,181	1,902,081	242,930
December	3,292,022	1,757,700	301,508
1928—			
January	3,307,175	1,922,570	247,641
February	3,312,804	1,828,243	213,670
March	3,390,396	1,933,880	168,398
April	3,395,968	1,992,646	249,032
May	3,601,288	2,099,738	198,269
June	3,631,329	2,118,862	208,639
July	3,664,401	2,135,850	149,088
August	3,771,086	2,197,504	207,301
September	3,718,263	2,210,355	311,159
October	3,710,347	2,147,437	237,047



British Columbia possesses over five million horsepower of which about 10% has been developed. ¶ The history of every Canadian community following the development of adjacent water powers is a story of industrial growth, inflowing of population, greater business opportunities and prosperity. ¶ British Columbia's industries have increased 300% in number in eight years. Vancouver's port revenues have increased 890% in six years. Exports increased 463% from 1921 to 1927. ¶ The growth of British Columbia Power Corporation will undoubtedly parallel the growth of the territory it serves.

LOOK AHEAD
The opportunities of to-morrow are in the making to-day.

AN ATTRACTIVE INVESTMENT TO-DAY
British Columbia Power Corporation Limited
Class "A" Shares
Price: At the Market

NESBITT, THOMSON & COMPANY LIMITED
Royal Bank Building, TORONTO, 2
Montreal Quebec Ottawa Hamilton London, Ont.
Winnipeg Saskatoon Victoria Vancouver

Investigate Canadian Utilities

David Cowan, who until recently was in charge of the Statistical Department of the New York Office of Otis & Co., has left New York to take up his residence in Montreal, Canada. He will look over the Canadian public utility field, and will retain his connection with Otis & Co.

Radio television broadcasting on an organized scale may be expected within three to five years, together with the transmission of scenes in their natural colors, according to David Sarnoff, vice-president and general manager of the Radio Corporation of America.

He sees NEW CITIES

THIS MAN is a business prophet. He does not really look into a crystal ball but he reads the future nevertheless and he sees new cities yet unbuilt. He is important in the telephone business.

He judges the future from the facts of the present and it is his job to judge with accuracy. He must judge with accuracy because, in a telephone system, plans must be made for years ahead and millions of dollars are involved.

With a railway there must be tracks and stations before trains can run. With a telephone system there must be conduits and central exchanges before telephones can go in.

To wait until people are clamoring for telephones is too late.

THE BUSINESS PROPHET does not wait. He comes to the management with his charts and graphs and figures and says:

"In 1930 the demand in Ontario will be 80,000 new telephones. They will be wanted here and here and here."

Or he says: "Within the next five years the Province of Quebec will need at least forty per cent more exchange capacity".

And the management does not wait either. They know it is up to them to prepare now. If they don't they will be falling down on their job; they will not be keeping pace with the country.

BECAUSE THE BUSINESS PROPHET spoke in time and the management acted promptly there are 139,000 telephones being installed in Ontario and Quebec this year. Without them there would be inconvenience and confusion now in thousands of new homes and offices.

Next year the business outlook calls for spending over twenty-seven million dollars to extend and renew the system and plans have been made to do so.

For the next five years the telephone expansion definitely known to be needed in the two provinces means over one hundred million dollars.

FINDING THE MONEY is a problem. It is as great a problem as the complications of engineering and organization.

Every year as the country grows there must be new money ready so that the telephone system may keep pace.

Every year thus far the money has been ready because the policy of the telephone system has been fortunate in attracting the support of conservative and reliable investors who have not been subject to the influence of market fluctuations.

THAT IS HOW the business prophet and his graphs have been made effective. And that is why the telephone management has always met Canadian progress with confidence and enthusiasm.

THE BELL TELEPHONE COMPANY OF CANADA

Published by The Bell Telephone Company of Canada to tell you something about the telephone business and the people in it.

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News of Investment Markets

We Deal in—

C.N.R. 5% 1954
C.N.R. 4½% 1954
C.P.R. 5% 1934
C.P.R. 4½% 1944
Canada Steamship 6% 1941
Bell Telephone 5% 1955
Canada Northern 5% .. 1953
Gatineau Power 5% ... 1956
Gatineau Power 6% ... 1941
Manitoba Power 5½% . 1951
Montreal Power 5% ... 1951
Montreal Tramways 5% 1941
Montreal Tramways 5% 1955
Quebec Power 6% 1953
Shawinigan W. & P. 4½% 1967
United Securities 5½% 1952
Winnipeg Electric 6% .. 1954
Anticosti Corp. 6½% .. 1941
Anticosti Corp. 7%
Preferred Shares
Canada Cement 5½% .. 1947
International Paper 6% 1955
Windsor Hotel 6% 1947
Windsor Hotel 6½%
Preferred Shares
Wayagamack 6% 1951
Wayagamack 6½% 1930

At all times we are prepared to submit satisfactory bids for the purchase in odd lots, of Canadian Government, Municipal and high-grade Corporation Bonds.

RENE-T. LECLERC
Incorporated
Montreal:- 248 St. James St. W.
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(ESTABLISHED 1901)
E258

W. F. MAHON & CO.
Investment Bankers since 1907
177 Hollis Street
Halifax

A Growing Industry

As Northern Ontario is in relation to the Pulp and Mining industries, so also is Southern Ontario relative to the Fruit and Tobacco industries.

Ontario Tobacco Plantations, Limited, owns and operates eighteen hundred acres of land in Southern Ontario.

This land is proven tobacco land and this year produced over half a million pounds of prime quality cigarette tobacco.

We offer the .% Preferred Stock of the Ontario Tobacco Plantations, Limited, at an attractive price and recommend its purchase now, prior to its being listed on the Stock Exchanges.

Barrett & Wood,
Limited
Investment Bankers
132 St. James St.,
MONTREAL

R.M. Harcourt & Co.
MEMBERS Toronto Stock Exchange
Stocks
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Securities
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Elgin 1262
R.M. HARCOURT
A.G. POUPORE
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Investment Securities
Established 1910
Crédit-Canada
Limitée
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KIPPEN & COMPANY
INCORPORATED
INVESTMENT BANKERS
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MONTREAL

BOND MART GAINS SOME IN STRENGTH; DEMAND IS LIMITED

Provided There Are No Large Offerings Prices Should Hold

The bond market is showing a more satisfactory trend than it did a few months ago and there is reason to believe that with the new year the situation may be even better. During the past few months there has not been much activity it is true. The stock market still continues to be more attractive to the investor than the bond market. Corporations find it more profitable to do their financing by means of stock issues with the interest prevailing in stocks and as a result, this method is followed, when possible, both to the advantage of the corporation and the issuing house which finds it easier to distribute the offerings. One encouraging fact with regard to the situation is that bond issues which have been made have been absorbed in a satisfactory manner and providing there are no very large offerings in the near future, the healthy state of the market should hold and improve. With the limited demand now existing it is felt that an abundance of issues would have a decidedly depressing effect and cause a reaction.

Revival Across the Line

In the United States the bond market is experiencing a revival of interest. A number of municipalities and corporations are considering new issues in the near future and there is a general feeling that the market is in a position to absorb the issues. No doubt such a revival will stimulate the Canadian market and win some investors back to this field. In Canada throughout 1928 bond issues have been much fewer than in 1927. Rates have not been favorable and issuing houses have not shown any eagerness to participate in bond issues. A practice followed this year has been the policy of the provinces in selling their bonds to syndicates instead of calling for tenders. The syndicates thus formed have been of large companies with many clients with the result that the problem of placing the bonds has been reduced to the minimum. It is not expected, though, that the practice will continue beyond the present condition of the market as calling for tenders is generally the safest and best practice.

Less Financing This Year

Bond issues for the month of October amounted to $30,996,018 according to figures compiled by Royal Securities Corp. This figure represents the total of all issues made by Canadian governments, municipalities and corporations and is far below the total of $103,975,176 for the same month of last year, but is more than twice the total of $14,109,641 for the month of October, 1926. For the year to date 1928 is still behind the last two years, however. In 1927 to the end of October the issues amounted to $527,134,857, in 1926, $527,435,862 while 1928 show a total of $373,812,632 only.

Corporation issues ranked first during October of this year with a total of $14,095,500. Provincial government issues came second with $11,560,500 and municipal issues provided the balance of 5,340,018. There were no Dominion government issues during the month.

Provincial financing was confined to Alberta, Manitoba and Nova Scotia with Alberta ranking first with two issues, one of $1,400,000 and the other of $4,915,000. Municipal issues were made by towns and cities in Quebec, Ontario, Manitoba, Alberta and British Columbia. The largest individual flotation was that of Winnipeg, the issue amounting to $1,700,000. Corporation issues were led by the $7,900,000 flotation of the Gatineau Power Co.

Foreign bond issues for the month totaled $60,591,000, it is estimated and show a total for the year to date of $499,257,400 as compared with $449,780,500 in 1927.

COAST BREWERIES OFFERS ITS STOCK

Priced at $23, Dividend Equal to 8 Per Cent. Promised

Coast Breweries, Ltd., is offering 50,000 shares of ordinary stock through a syndicate of Vancouver houses comprising Branson, Brown & Co., Royal Financial Corp., J. B. Stevenson & Co., D. M. Sullivan, Ltd., R. L. Shimmin, the Western City Co., Reed Henderson, Ltd., and R. P. Clark & Co.

The company owns practically all the outstanding ordinary shares of the Westminster Brewery, Ltd., Rainier Brewing Co., of Canada, Ltd., Victoria-Phoenix Brewing Co. (1920), Ltd., and Silver Spring Bank Brewery, Ltd. The companies' business is in British Columbia and export markets. Neither Coast Breweries nor its subsidiaries have any funded debt or preferred stocks outstanding, the ordinary shares being the only capital obligation.

Details of the issue are:

50,000 Shares
Coast Breweries Ltd.
Ordinary Stock—No Par Value.

Company—Controls four brewing companies in British Columbia.

Product—Manufacture of beer. Brands are Prize Ribbon, Milwaukee, Silver Spring and Phoenix.

Dividend—The directors have declared their intention of placing the stock on an initial dividend basis of $1.84 per share, being equivalent to 8 per cent. per annum. Next dividend payable February 1, 1929.

Offer—November, 1928, at $23 per share to yield 8 per cent., by Branson, Brown & Co.; Royal Financial Corp.; J. B. Stevenson; D. M. Sullivan Ltd.; R. L. Shimmin; The Western City Co.; Reed, Henderson Ltd., and R. P. Clark & Co.

Bond Notices

The Abitibi Power and Paper Company's serial, 6 per cent. bonds, are being redeemed on December 1 next following the expansion and recapitalization of the company.

The bonds of the various maturities are being redeemed as follows:

Maturity of February 1st, 1929, at 100½% of the principal amount.
Maturity of February 1st, 1930, at 102¼% of the principal amount.
Maturity of February 1st, 1931, at 104% of the principal amount.
Maturity of February 1st, 1932, at 105⅛% of the principal amount.
Maturity of February 1st, 1933, at 106¼% of the principal amount.
Maturity of February 1st, 1934, at 107½% of the principal amount.

Notice has been given to the holders of the Canadian Connecticut Cotton 5½ per cent. 15 year gold debentures, that the company proposes to redeem all those outstanding at 103 and accrued interest on December 20.

There debentures are being given in exchange for the old preferred stock of the company. The basis of exchange is $50 of par value of one of the new debentures and two fully-paid new no par value common shares for one share of the old preferred stock.

This appears to be the first step in the distribution of the company's assets following the sale of the property to F. J. Daniels and J. H. Webb of Dominion Textiles.

It will be remembered that the immovable property of Canadian Connecticut Cottons was sold for approximately $1,800,000. As yet, no definite price has been fixed for the movable property of the company.

FINANCING STARTS ON NEW TORONTO BLDG.

Bond Issue of $425,000 To Cover Construction of Wellington Bldg.

Financing of a new building, to be called the Wellington Building, which will be situated on the south side of Wellington Street, Toronto, between York and Simcoe Streets, is announced by the United Bond Co., Toronto. The new issue will consist of first mortgage serial bonds to the amount of $425,000, to yield 6½ per cent. and to be secured by the Wellington Building now in the course of construction. Interest becomes due semi-annually on January 5 and July 5. Bonds are callable at 103 and mature at the rate of $21,000 per year for the years 1930 to 1934 inclusive and $320,000 in 1935.

The Wellington Building will be 12 stories in height and of solid concrete construction with a frontage of 80 feet on Wellington Street, and a depth of 156 feet. The location of the building has for many years been an important centre for manufacturers' and wholesale agents, and is conveniently located near the Union Station, docks, customs house and the leading hotels. Buildings in this area have maintained a high percentage of rentals for long periods but many of the older buildings have become antiquated and it it felt that the new building with its modern equipment will meet a growing demand. Details of the issue are as follows:

$425,000
Wellington Building
6½% First Mortgage Serial Gold Bonds
Dated: July 5, 1928 Serial Maturities.

Security—This issue of bonds is secured by a direct, closed first mortgage upon land held in fee simple, and building thereon, now in course of erection, known as the Wellington Building

Location—The land is a lot on the south side of Wellington Street, Toronto, between York and Simcoe Streets. It has a frontage of 80 feet, and a depth of 156 feet.

Buildings now existing in this district have for years been 95 to 100 per cent. rented, chiefly by representatives of old established houses of the highest responsibility and of national and international importance. Such buildings are old, many of them unsuited to the purposes of their present tenants, of inferior construction and inconvenient; yet their tenants continue to occupy them, so important is the locality.

Building—The building will be 80 by 156 feet, 12 storeys in height, of solid reinforced concrete construction, sprinklered and completely fireproof.

Freight and passenger elevators, and other equipment will make it suitable to the needs of manufacturers agents, for whose use it has been particularly designed.

Mortgagors—The Wellington Building Corporation, Limited.

Appraisal—A conservative valuation of the land and building, when the latter shall have been completed, as made by our appraisers, is $733,840. The bond issue of $425,000 is less than 60 per cent. of this conservative appraisal.

Earnings—

Gross revenue	$134,200
Maintenance and vacancies	44,800
Net revenue	$89,400

Over three times greatest interest charge.

Insurance—Fire insurance will be maintained to the amount of at least $425,000 payable to the trustees for the protection of the bondholders in case of fire loss.

Additional Safeguards—The first mortgage securing these bonds is held by the London and Western Trusts Company, Limited, and Howard C. Wade, banker, jointly, as trustees for the bondholders. This trust mortgage requires that monthly deposits shall be made to the trustees, from the income from the property sufficient to meet payments of interest and principal as they mature.

Tax Refund—The normal Dominion income tax, not exceeding two per cent. of the interest from these bonds, is refunded to the bondholders through this company, upon demand, making them practically a tax-free investment.

Offer: By United Bond Co. at par and accrued interest.

This Week's Bond Sales

Prince Edward Island

The Province of Prince Edward Island has sold an issue of $270,000 4½ per cent. bonds to Fry, Mills, Spence & Co. at 96.27, which is equal to a cost basis of about 4.84 per cent.

Of the amount involved, $100,000 is a ten-year issue, and $170,000 matures in 20 years.

The bids were:

Fry, Mills, Spence & Co.	96.27
Dominion Securities	96.108
A. E. Ames & Co.	96.03
McLeod, Young, Weir & Co.	95.88
Wood, Gundy & Co.	98.85
Royal Securities	94.768
J. L. Graham & Co.	94.71

C.P.R. DEBENTURES QUICKLY ABSORBED

$5,000,000 4% Debenture Stock Gold to Yield 4.55

From Our Own Correspondent

MONTREAL.—The new issue of $5,000,000 Canadian Pacific Railway, 4 per cent. consolidated, debenture stock which was offered last week was readily absorbed, and the majority of the new issue found its way into New York strong boxes. The offering was made by the National City Company, Limited, together with the National City Company of New York and a syndicate including the Guarantee Company of New York and the Bank of Montreal. The debentures were offered at 88 and interest, New York payment and delivery, to yield 4.55 per cent.

This 4 per cent. consolidated debenture stock is non-callable. It was authorized by an act of the Parliament passed in 1889 and by subsequent acts. By the terms of the legislature it is a first charge upon and over the undertaking, railways, works, rolling stock, plant, property and effects of the company, excepting lands received by way of subsidy, subject, however, to the payment of working expenses and to certain priorities. These aggregate at the present time $38,641,724 issued in respect of only 1,642 miles of railroad, whereas the lines embraced in the railway's traffic returns aggregate 14,574 miles.

Net earnings and special income of the company for the year 1927 were $51,392,131, while the charges on securities underlying this debenture stock amounted to $1,907,396. Total fixed charges for 1927, including rentals were $15,378,869. Fixed charges were, therefore, earned more than 3.34 times. Net earnings for the first nine months of 1928, exclusive of special income, amounted to $31,225,289, an increase of $6,730,044, or of 27½ per cent. over the same period in 1927.

After this financing, $276,544,882 debenture stock will be outstanding in the hands of the public, while an additional $40,000,000 is pledged—$15,000,000 as security for $12,000,000 Canadian Pacific Railway Company 5 per cent. collateral, trust bonds, due 1934, and $25,000,000 as security for the $20,000,000, 4½ per cent. collateral, trust bonds, due September 1, 1946.

EASY WASHER STOCK OFFERED TO PUBLIC

Company Has Good Record Over Last Five Years

Public offering is being made of 7,500 shares of no par value common stock of the Easy Washing Machine Co. The issue is being offered through McLeod, Young, Weir & Co.

The company was established in 1920, and operates a factory in Toronto for the manufacture of washing machines of the vacuum cup type. The company does both the wholesaling and retailing of their product.

Particulars of the issue are:

7,500 shares
Easy Washing Machine Company, Ltd.
Common Stock, No Par Value

Capital—	Authorized	Issued
7 per cent. cumulative pref. stock, par $100	$600,000	$400,000
Common stock, no par	64,000 shs.	38,460 shs.

Company—Manufactures and markets electric and gasoline engine washing machines. Factory located at Toronto.

Patent Rights—Taken out in Canada by the Syracuse Washing Machine Co., of Syracuse, N. Y. This Easy washing company has the exclusive right to manufacture and sell under these and future patents.

Sales and Earnings—Increases have been shown every year since 1924. Number of machines sold in 1927 increased 94 per cent. over those sold in 1924 and net earnings in the same three year period increased from $55,530 to $147,606, or 165 per cent. Net earnings for the six months ending June 30, 1928, were $71,064, after depreciation and taxes. Estimated earnings for the year ending December 31, 1928, are $174,983, after all charges, including preferred stock dividends.

Assets—As at June 30, 1928, $966,483.

Management—Will remain the same.

Dividends—The common stock is on an annual dividend basis of $2 a share payable quarterly.

Offer—November, 1928, by McLeod, Young & Weir, at $34 per share.

Welland Financial Corp. Pays 12% Dividend

Directors of Welland Financial Corporation, Ltd., at its meeting here recently, declared a dividend on the auditors' statement of Nov. 10, 1928, to all shareholders of record of Nov. 21, 1928, at the rate of 12 per cent. per annum. This company, organized last spring, has been in active business only six months, and is attracting a good deal of local attention.

The statement showed that the company's capital at no time had been impaired and that at the end of its first six month's period it had a very substantial net profit. After payment of the present dividend a satisfactory amount has been set aside as reserve.

The company's stock, which sold originally at its par value of $100 has lately been sold at $125 per share, and the directors, at their meeting recently, established a price of $135 for the treasury shares, effective Dec. 15, 1928. The board also decided to issue subscription warrants to present shareholders until Dec. 5 at $110 per share.

Among the company's assets is shown the ownership of all outstanding shares of Fidelity Trust Co. of Ontario, which was moved last fall from London to Niagara Falls.

Tenders and By-laws

Nov. 24.—Timmins.—$68,500, 5½ per cent. 15 and 30-instal. local improvement and school debentures. H. E. Montgomery, clerk and treas. (See announcement on page 16).

Nov. 26.—Nelson, B.C.—$240,000, 5 per cent. 20-yr. debentures W. E. Wasson, clerk.

Dec. 1.—Shelburne.—$70,000, 5 per cent. 20-instalment.

Dec. 3, Twp. of York—$2,068,516, 10, 20 and 30-instal. debentures. C. M. Wrenshall, treas. (See announcement on page 16).

Dec. 4—School Commissioners, Village of St. Laurent, Que.—$117,000, 5 per cent., 40 year serial bonds; $30,800 5 per cent, 40-yr., serial bonds. O. W. Legault, sec.-treas.

Dec. 5.—Grand'Mere, P.Q.—$124,300, 5 per cent. 20-yr. serial bonds. J. E. Veziel, sec.-treas.

Dec. 6.—School Trustees, City of St. Lambert, P.Q.—$260,000, 5 per cent, serial bonds. P. Baillargeon, sec.-treas.

Dec. 6.—Burlington—$57,689, 5 per cent. 15-instal. debentures. L. Sykes, treas.

CANADA AGAINST EXPORT OF POWER TO U.S. INDUSTRY

Home Consumption of Hydro-Electric Power Grows

The Canadian demand for hydro-electric power is increasing at a remarkable rate while exported power to the United States remains practically constant, states J. S. Prentice, discussing "Canada and Hydro-Electric Power" appearing in the Journal of Political Economy of Chicago. While to the United States as a whole the question of imported power is not a live issue, Canada has had the matter under serious consideration for many years.

The various forces underlying the Canadian attitude towards the export of hydro-electric power are summarized in the review under the classification of sentimental and economic. The former is comprised of a lingering bitterness due to the rebuffs met by Canadian statesmen during the period of continuous depression existing from 1870 to 1895 when attempts were made to secure reciprocity with the United States and the danger of absorption which is conducive to national prejudice.

French-Canadian Pride

The national pride of the French-Canadian is given as a chief reason for the attitude against export of power from Quebec. Jean Baptiste Trudeau, native of Quebec, upon returning from a period of work in the mills of New England is sure to be dressed in "Yankee clothes" and be styling himself, John B. Waterhole. If power is kept at home, capital comes to it, as witness the International Paper Company's gigantic works on the Gatineau and St. Maurice Rivers, and the million dollar plant of the Aluminum Company of America on the Saguenay. The Lake St. John country was, ten years ago, sparsely inhabited by people, quaint because of their isolation; to-day the same district of Chicoutimi has a population of 20,000 and other districts have large populations. Over 50,000 young French-Canadians, who would otherwise have gone off to work in the mills of New England, have been provided with work at home.

The American arguments concerning the export of power are chiefly economic and are chiefly concerned with ownership. Export tends to be carried on by American companies using American capital. In a debate during 1925 the Hon. Charles Stewart stated that he had no objection to private individuals developing power, as opposed to governments, provided that the ownership is Canadian.

"Since the war there has been far more wealth in Canada available for investment than ever before, and in recent years several great American concerns operating in Canada have definitely passed under Canadian control. Moreover, investors have shown great partiality for water-power stocks, as witness the fact that millions have been sent abroad to develop the water powers of Brazil, France, Spain, and other countries. Canadians therefore have capital, and presumably they would have a preference for investing it at home, where the risks are better known, but what chance have they of buying out a concern when the stock is entirely held by an industry south of the line. A further criticism of the export of power by United States companies lies in the fact that they would own in Canada nothing more than a power house and a transmission line to the border. Now hydro-electric power stations are remarkable in that they can generate enormous power with almost no staff whatever.

"Of course it may readily be argued that any unused utilities in one country ought to be made available for those who need them in other countries, and that only thus can the greatest good ultimately come to the country which possesses them. Thus, in this case it is easy to show that the export of surplus power to the United States would only take place if it would provide American plants and people with cheaper power than they could otherwise secure, and that Canadians would profit by the greater prosperity which would result in the United States. In answer to this it must be admitted that Canadian national sentiment does not desire American prosperity merely that Canadians may share in it.

"The fear in Canada that unless an embargo on hydro-electric power is put into effect vested interests will tend to be created is one of the chief reasons against the export of power. Annual licenses do not prevent the gradual growth of a vested interest unless the most rigid control is exerted over the power to insure its not being used in any area to the exclusion of other sources of electric power.

"In 1925 a duty of $1.95 per horse-power year was imposed, which affected all consumers of exported power. As to whether Canada was wise in imposing the duty, much might be said. If it was imposed to check the export of power it has been definitely a failure. To accomplish that end it should have been several times as high as it was. There is also the old question as to whether the tariff is the best method of carrying out a policy of this character, but into that question I do not propose to enter. Suffice it to say that the tax was never spoken of by any government representative as being for revenue purposes."

The trend of domestic consumption is decidedly upwards while exports remain at approximately the same level. In 1911 of the power produced in Canada 67.8 per cent. was exported while in 1926 only 13.4 per cent. was exported. During the 15 year period exports rose by 252 per cent., but production increased by 3,434 per cent. It is evident that the Canadian demand has increased with startling rapidity. But even if there were power which would not be consumed at home at rates which Americans would be willing to pay, Canadians are unwilling to allow it to be exported because they believe it should be sold at home cheaply and Americans should not be allowed to raise the price by competing for it.

"Canada's low tariff might not give certain industries requisite protection, but her cheap power enables them to prosper with a comparatively small amount of artificial aid. Moreover, there are certain industries, like the pulp and paper and the electro-chemical ones, to which cheap power is especially necessary. Thus, in the production of paper it takes practically 100 horse-power to make a ton of paper. It is not therefore surprising that the motive power in this industry is largely confined to hydraulic energy, and that Canada has taken the high position which she has in this field of enterprise. Similarly, the electro-chemical industries, like the Aluminum Company of America, have been attracted to the St. Maurice and Saguenay Valleys in large numbers in recent years because of the stores of power available. These experiences have made Canadians keenly aware of the advantage which the possession of great water-power resources gives the Dominion in various branches of industry, and they realize that the nearness of this power to the chief centres of manufacturing—Vancouver, Winnipeg, Toronto, Hamilton, Montreal and Quebec—makes their industrial future very promising. They do not mean to have their advantage in cheap power wrested from them by American competition for it, or by heavy exportations of it for the use of competitors.

"While national prejudices toward the United States, which express themselves in fears, partly real and partly false, of American vested interests and power trusts do greatly color the attitude of Canadians toward the export of power, the main motives lie elsewhere. In Quebec they are racial and religious. In New Brunswick and British Columbia the chief aim is to keep power and raw materials at home, and use idle population that otherwise might migrate, to manufacture the raw materials into completed products. In Ontario and Manitoba, the desire is to provide power below cost in rural districts to lighten work and add to the amenities of life, and in towns at cost so as to attract industry yet distribute it as evenly as the nature of different industries makes possible over each province. In such schemes the policy of exporting power can have no place."

Noble Five Uncovers 25 Feet of Clean Ore

From Our Own Correspondent

NELSON, B. C.—A 25-foot width of clean ore from the hanging wall, with no foot wall yet in sight, is the result of the first attempt of Manager Paul Lincoln, of the Noble Five mine, to probe the width of the Deadman shoot found this fall at 1,100 feet new depth, the sensation of the season in the Slocan.

After following the shoot for 150 feet, for the greater part of the distance with a tunnel width of 10 feet, Mr. Lincoln, a few days ago, discontinued drifting in this shoot, with the face still in ore, for the reason that all the bins were full of high grade mill feed, and there would be no bin space until the modernized mill should start up, which will be this month.

To keep up exploration of the shoot, however, it was decided to raise from a point where the ore was cleanest, and therefore of shipping grade, first finding the foot wall, since development ore from such a point could be shipped direct to Trail without intervention of the mill. Sill sets for the raise were prepared, but the cross-cutting did not reveal the foot wall.

WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCES AND DOMINION GOVERNMENTS

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
Kenogami School	Nov.	Dubé, Leblond & Co.	5%	30-yr. ser.	$95,000	97.50	5.23
Montmagny, Que.	Nov.	La Société Générale de Finance	5%	10-yr. ser.	44,900	99.03	5.19
—Provincial—							
Nova Scotia	Nov.	Royal Securities Corp.; McLeod, Young, Weir & Co., and U. S. Syndicate	4½%	20-yr.	2,000,000	96.80	4.75
Prince Edward Island	Nov.	Fry, Mills, Spence & Co.	4½%	10 and 20 yr.	270,000	96.27	4.84

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Wellington Building	Nov.	United Bond Co.	6½%	serial	$425,000	....	...
Columbia River Longview Bridge Co.	Nov.	J. and W. Seligman & Co.; Graham Parsons, & Co.; Bradford, Kimball & Co., and R. P. Clark & Co.	6½%	1953	3,000,000	99½	6.54
B.C. Worsted Mills, (Guar. by Victoria, B.C.)	Nov.	Brason, Brown & Co	5%	25-yr.	125,000	....	...
Stock Issues—							
Dominion Oil	Nov	John Stark & Co.; W. P. McCoo & Co., Pringle, Holmes & Co.	...	no par	30,274 shs.	$15	...
Coast Breweries	Nov.	Branson, Brown & Co., and Syndicate		no par	50,000 shs.	$23	...

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TORONTO, NOVEMBER 23, 1928

BUSINESS BACKS RESEARCH

THE announcement that private corporations and individuals in Ontario have already subscribed $1,312,000 for a provincial research foundation has a significance and importance that cannot be over-valued. With $500,000 in sight from manufacturers and many subscriptions to come from other people there is assurance that public subscriptions to the research fund will total $2,000,000. The Ontario government stands prepared to add another $2,000,000 to this and also to provide suitable quarters for administrative and laboratory purposes over the term of the first five years of the research foundation's activities. With $4,000,000 to spend on research, with Sir Joseph Flavelle doing the work of organizing the spending of the money, with a public good-will that is based upon an increasing recognition of the value of research work, Ontario's splendid plan can hardly fail of success.

Success in what directions? That can be definitely answered by reference to the results of research work in other countries—or for that matter here in Canada where the work has been organized for a short span of years. The research foundation would carry on definite researches in the field of pure science and in specific, practical fields where its co-operation was sought by industry. It would carry on studies of dread maladies, seeking a cure; it would try to solve the problem of making commercial use of some of our natural resources now wasted; it would establish fellowships and scholarships for study in many fields; it would bonus research work of other public or private institutions where the results were to be of general benefit.

The automobile industry is the result of research; the pulp and paper industry can only save itself from destruction by research; better highways will come from research; lives will be lengthened by the reduction of disease; power will be extracted from seemingly static things; industries will be made to flourish here that are now considered unsuitable because of some geographical, climatic or other barrier. Such things have been accomplished elsewhere; such things will be accomplished in Ontario and every other province that takes up research.

Ontario's premier has done well to make it clear that no conflict with the Federal scheme for research is contemplated. Both foundations can work together. Ottawa can assign definite research activities to Ontario; Ontario can call upon the resources of the federal laboratories when necessary. The two fields are complementary.

Canada has in the past benefited from the research activities of other nations and has not been paying its fair share of the burden. Even if we were satisfied with this selfish attitude we could not ignore research at home for there are specific problems demanding attention in this country that are not being studied in other countries because the problems do not exist there.

Big business is behind research and the proof of it is the fact that the $1,300,000 already subscribed for Ontario's foundation has come from only 49 people—an average subscription of over $25,000.

NO COUNTY FAIR MELON

THE Ontario cabinet has ruled that the Consumers' Gas Co. of Toronto may raise additional capital through sale of stock by tender or by public auction, but that it must not allot the additional stock to shareholders on a pro rata basis.

If the government had permitted the allotment method, it is believed that the directors would have offered the stock to its shareholders at $170 per share on the basis of one new share for each twelve held. The stock recently has been selling at $200, so that the rights would have been worth $2.50 a share. At $200 a share, the yield is only 5 per cent. If annual rights had been granted and if these had averaged $2.50 each, the yield to the shareholder would have been $12.50 per share of $100 par value, or 6¼ per cent. on the original purchase price of $200. As virtually everyone who has an opinion on the Toronto gas controversy is either a borrower or a lender, or both, it perhaps will be admitted 6¼ per cent. is not an excessive return. The melon that was to have been cut would take no prize at the county fair.

Shareholders who have bought stock in the expectation that there would be occasional rights to bolster the current yield have reason to feel somewhat disappointed at the decision of the cabinet, since it does not seem that the allotment method has worked any injustice to the public or to the gas company's customers.

It may not make very much difference from the point of view of the company. Stock sold by allotment at $170 per share would cost the company $10 per share per year in dividends. In other words, the company would be getting additional capital immediately at a cost of 5.88 per cent. Under present conditions it is doubtful if there could be a much cheaper method of financing. Six per cent. preferred stocks are not yet often selling above par. And the persons who are the successful bidders for the bulk of the gas company stock will be acting as wholesalers and will demand something for their trouble. The company will be doing well, in these circumstances, if by tender the money can be raised as cheaply as by allotment over a term of years, for, as has been pointed out previously, it is an economic advantage for a sound company such as Consumers' Gas to have a large body of shareholders ready to put more capital into the company at any time, whether money conditions are favorable or not. Cost of capital is one of the major items in the cost of gas piped to the kitchen stove.

The Ontario Government's decision has the virtue that it is not irrevocable and that it provides for annual issues of capital. It is probable that the tender method, discarded before the war, will be tried before there is an auction. If neither method proves advantageous to the company, it is probable that the government, in the interest of the users of gas as well as the company, will revise its judgment. In the meantime, the pronouncement tends to dispose of the attacks of parish politicians on the company and in that regard enhances the merit of the investment.

THE HUDSON BAY LINE

THE Moose Jaw Times-Herald raises its voice to protest against the statement of The Financial Post that "the Hudson Bay Line finds its chief support among Canadian business men in its undoubted appeal as a colonization and development road to tap enormous mineral and timber resources known to exist along the line."

The Times-Herald's editor believes that this statement indicates that Eastern interests will try "to have the road held down to the position of a colonization line to tap our mineral and timber resources."

"Held down" is hardly the right expression. The C.P.R. was a colonization road, if there ever was one, and the C.P.R. made the West. The Temiskaming and Northern Ontario Railway was a colonization and development road, and it made Northern Ontario. It literally found and built an Eldorado.

The Times-Herald is wrong in assuming that there is united opposition in the East to the Hudson Bay Railway. Its intemperate language in referring to the "narrow selfishness of the little Canadians of our big Eastern cities," is not justified by the facts of the case and is not calculated to increase the feeling of good will in the land. As we interpret the attitude of the East, it has been one of waiting to be shown that the railway was justified as an economic experiment; the East was not ready to accept the estimate of the Western people as to the costs of the line and the results that would be achieved. Looking through our file of clippings on the line we find that a scant five years ago Western papers were pointing out that the line could be finished for $4,000,000 or $5,000,000. They were demanding too, that it be completed to Port Nelson and they put out all sorts of propaganda to have that terminal continued. They made the statement that the Arctic Straits were navigable, but were able to offer no evidence because there was no scientific, engineering evidence available. Now more information is available, the information that the Eastern and Western business men alike, demanded. We know that it will take many times $5,000,000 to finish the line, build a port and establish a line of steamships to Europe. We know that Port Nelson as a port would have been a ghastly mistake. We know that the Straits are navigable for a substantial length of time in each year. We know, too, something about the mineral resources along the line and we know more about the agricultural, timber and water power resources of the area served.

With this information, opinion in the East has begun to crystallize. It cannot be said that it has changed because opinion was suspended by most people. Now the East is ready to support the West in its demand for the line, but hopes that the expenditures can be held within estimates. And business men, until they see a few years' operating results, will withhold judgment as to the feasibility of shipping grain to Europe via the Hudson Bay route, while looking forward to impressive mineral and agricultural development along the route almost from the start.

MORE FOR THE MONEY

THE GLOBE, of Toronto, writes a very friendly editorial about a recent speech of Paul McFarlane, general manager of the Bell Telephone company, but winds up with this parting shot:

"Mr. McFarlane could have made a great hit by forecasting the time when mass service would make it possible to reduce costs."

There are distinct boundaries to cost reduction in the telephone business. Telephone service is unlike electric service or gas service, for instance. The more electric or gas customers there are, the greater is the opportunity for the company providing the service to reduce its unit costs and to pass this saving on to the consumers. But in the telephone business there comes a point when each new customer adds to the cost of providing service to all of the previous customers. If there are five thousand telephones in one community they can all be tied into one exchange and the number of calls going through the exchange is small. But when it is necessary to have several exchanges, all of which must be interconnected a new element of cost is introduced. And as the number of telephones in a city increases the number of people who can be reached from any one phone also increases. There are more people to talk to and so more telephone conversations are carried on per telephone. Thus a second element in increased costs is introduced. The man in the small city can talk to 5,000 people without paying a toll line charge. The man in Toronto can talk to around 125,000 people without paying toll charges. It is possible to give the man in the first city his service at less cost than must be charged to the man in the larger city.

However the subscribers benefit from this growth that costs them money. A telephone line with six subscribers is not worth much to any one of the six. They can only talk to the other five. If there are 100 connections the service is more valuable; if there are 1,000 it is still more valuable. When the number of people that can be reached simply by dialing a number on the telephone runs up into the scores of thousands the telephone becomes a means of communication that has a value that can not be measured by any service fee.

A VISIT FOR MR. ROBB

IT IS not very far, in Ottawa, from the office of Hon. James A. Robb, the minister of finance, to the office of Hon. Ferdinand Rinfret, the secretary of state. There can be no doubt that Mr. Robb, who has under his wing the federally incorporated trust companies, is somewhat perturbed by the somewhat reckless manner in which Mr. Rinfret's officers are issuing charters to investment companies that call themselves "trusts" but that do not have to obey the trust company laws. That being so, a little personal visit by Mr. Robb to his confrère's office, with a frank exposition of his views on the subject, might serve the purpose of leading Mr. Rinfret to give his young men instructions not to issue letters patent to investment "trusts." There are many other names that could be used to describe investment companies and it is not essential that the public mind should be confused by reason of the government requiring one class of trust company to be incorporated by act of parliament, while another class of so-called trust company is incorporated by departmental procedure. One class of company is, of course, a trust company in the Canadian sense of the word while the other is not. Since it is not it should not be called for the name of a trust company.

The lack of definiteness in Ottawa's policy in this regard ought to be cleared up and a private conversation would do it.

ALBERTA COAL AGAIN

RENEWED and increased effort will be made by Alberta coal operators next year to get business in the Ontario market. It is proposed to put on a vigorous campaign, which will be of a combined educational and selling character, and considerable publicity is expected to have already resulted from the missionary work done in Toronto during the present year, particularly at the Canadian National Exhibition. The operators will ask that the low rate period, during which coal may be shipped east at $7 per ton, be extended to July 15 in order to give the try-out a more thorough and conclusive opportunity.

Alberta coal mines have now reached a production of approximately 7,000,000 tons per year, which could be easily increased by millions more if there were a market demand for it. Mine equipment and management, while not yet on as advanced a level as that of the big Cape Breton mines, has greatly improved in recent years, and there are now facilities, as undoubtedly there is the supply, for a really substantial trade with Ontario. It is a wholesome tendency of both the coal industry itself and the Government that the opening of new mines is being discouraged and that instead the development and improvement of existing mines are being urged.

The operators are opposing the application to the Federal Tariff Advisory Board for the removal of the duty on coal entering Canada from the United States. In this they have the moral support and co-operation of the Alberta Government.

EDITORIAL NOTES

ONE HAS HAD cause to wonder how friendly Premier Ferguson of Ontario is to the American people. Most of his public addresses have contained some remark certain to irritate any Americans who may have happened to be in his audience. Mr. Ferguson has left the impression that he considers the American people to be somewhat bombastic and insular. Last week, though, Mr. Ferguson paid a tribute to the leadership given by the United States in scientific research and technical training. With the name of the United States he coupled that of Germany. Mr. Ferguson referred also to the freedom with which American research institutions make the knowledge gleaned from their enormous expenditures of time, money and energy available to the whole world. Canada, he said, was benefiting from the work of American research and he particularly instanced the benefits gained by Canada from the $20,000,000 spent annually by the American Telephone and Telegraph Company. So Mr. Ferguson has been fooling us all the time. He likes the Americans. This is the way things should be. The anti-Americanism that bobs up in this country occasionally is as small as the anti-British views of one "Bill" Thompson.

POST-scripts

THE last word in telephone trouble cases is reported by the British Columbia Telephone Co. After calling three times to repair a phone which was out of order, the repair man caught the infant member of the household calmly cutting its teeth on the telephone cord. Moisture from the child's mouth caused a short circuit of the wires which continued until the cord became dry when the telephone would again start to function properly. The child will be given a new teether and the telephone will no longer cause trouble.

FOR the first time, so far as it can be recalled, a large issue of notes was sold in New York the other day to pay in part the Federal and State inheritance taxes of a wealthy man whose death occurred at a time when the estate was not particularly rich in cash, although the value of the property left by him was tremendous. The financing was for the estate of the late Henry E. Huntington, pioneer railroad builder and one of the wealthiest men in the United States. This unusual issue took the form of $9,500,000 of five-year 6 per cent. sinking fund gold notes which were priced by the bankers at par.

When Mr. Huntington died the executors paid what might be called the current debts and the small bequests under the will. The issue of securities is to enable them to pay several million dollars in notes given by Mr. Huntington in connection with the purchase of art treasures as well as the inheritance taxes levied by the State of California and the United States Government. Upon completion of financing all known claims against the estate will have been paid and the executors will have a balance of more than $500,000 in cash, plus securities valued in the appraisal at more than $40,000,000.

CANADIAN visitors to New York, who have picked up copies of the New York Telegraph in its new guise, have found it unlike any other newspaper. It still specializes in theatrical and sporting news and when the Graf flew over New York, the Telegraph gave it a modest column while it featured a story about Eddie Foy's portrait, that was causing some kind of a fuss at the Lamb's Club.

The Telegraph editorial page has been thrown overboard by Gene Fowler the new editor who used to be press agent for Tex Rickard. Fowler says there hasn't been an editon since Horace Greeley, so why waste the space?

However, this isn't the best newspaper story we've heard recently. The best relates the adventure of the Memphis city editor who started a contest to find the tallest messenger boy in town. Each day, as a new and taller claimant for the honors appeared this editor would have a one column cut made of the "subject" and run it on the front page. Just as interest began to lag and he decided to drop the feature in walked a messenger boy six feet eleven inches tall, the record breaker, among the copy chasers. A photographer got busier and then the engraver and a long single column cut was made. It was just about make-up time and when the make-up man tried to fit the cut into his front page layout, he found it too long. There was not time to change the front page lay-out. "Saw about four inches off the bottom of the cut and turn it over on page four," the editor instructed his make-up man. This was probably the first time any newspaper had ever run a picture of a man to tall that the cut itself had to be turned over to an inside page. No one else has ever had the privilege or experience of being continued from page one to page four.

FOLKS and Finance

COL. L. P. AYRES at a recent meeting of the Branch Managers' Club of the Cleveland Trust Co. told a story illustrating the current spirit of speculation. He related that a young man who has been very successful in the stock market was discussing plans for a new home with his bride. After hearing his wife's description of the house she wanted he exclaimed: "Why, to have that sort of a home we would need the income from a million dollars, and I don't believe we can make that in less than six years."

DOCTOR W. L. McDOUGALD, chairman of the Montreal Harbor Commission, who is also a financial magnate of increasing importance in many corporate groups, was suddenly called upon for a few remarks at a dinner not long ago. While trying to think what he might say, he remarked casually that he was a medical "doc" who had become a harbor "dock."

"But not a dry dock," interrupted the chairman.

While the guests laughed Doctor McDougald thought up his speech.

IN HIS announcement of a new paper, the "Scottish Daily Express," Baron Beaverbrook makes some characteristic statements. He tells what makes a successful newspaper publisher; he explains how delegation of executive responsibility has given success to his enterprises and he pays a wonderful tribute to Frank P. Jones, Canadian business leader.

We quote extracts:

"Any man can start a newspaper if he has the money. That is to say, he can buy presses and hire a staff—for there are plenty of journalists. But if there is one kind of argument which makes me really impatient it is the contention that because some men who control newspapers are rich men, therefore all you need to start or run a newspaper is money. Let the rich man, who is nothing but a rich man, buy his presses and hire his staff. Then let him try and make his machine go, and his newspaper sell. He has as much chance of doing so as the rich man would have of producing a good pudding, if he were given the ingredients and a kitchen to cook it in.

"No, the business of producing a newspaper requires a type of mind which is very rare indeed. You must be ready to put your whole heart and soul, your stomach, your liver, your whole anatomy into a task which will appear most of the time to be dangerously stimulating and on occasion positively revolting. 'Millionaires and their Newspapers.'—Humbug and Ignorance.

"But my share in the work is done. I am like a shipbuilder who has built a ship but will not be her captain. As the vessel glides down the slip-way he says 'Farewell.' He has made the ship as stout and staunch, as clean-run and swift as he can, but he must leave to others the task of navigation.

"I planned the 'Daily Express' as the great national daily newspaper, but the staff are more competent than I am to manage it.

"I know myself too well to hold any different opinion. I can conceive and create but I cannot conduct. This has always been my case. I conceived and created the Canada Cement Company. I never should have been competent to manage it, and I never tried. I simply handed over my little orphan to Mr. Frank Jones, the best business manager on the other side of the Atlantic. It is not exactly because I am no man of detail. In one sense I am. To create any sound concern—business or newspaper—you must have a profound knowledge of detail, or your general conceptions about it will be all wrong. But I am not a man of repetitive detail. I cannot go through the same motions of detail with slight alterations or improvements every day. It is a talent denied me. So on the very last day of the month of November, 1927, I said 'Goodbye' to the 'Daily Express' office for ever.

"I had a special room of my own constructed right on the roof of the 'Daily Express' building. It was a very large, rather bare room, furnished with a few chairs, a table and a dining table, but with the walls well lined with book-shelves full of books. Its windows looked out to all the four quarters of Heaven—over an ocean of chimney pots—to Westminster Abbey and St. Paul's, to the Tower of London, to the innumerable City spires of Wren.

"That was my work room where I consulted with my staff. But one day I began to feel the created organism move by itself, and I knew it was time to go.

"On that November evening the Managing Director came out with me from those rooms, locked the door behind me, and took away the key. The act was symbolic. For never since has he allowed that vast room to be used for any other purpose. The tables and the chairs have gone and the books have followed them. The room must be bare and dreary—a waste of space, inhabited only by the ghost of my past self. Yet I am pleased with the idea of that emptiness because it signifies the wish of my old colleagues that I should return. I never shall go back, but I am glad to think that my colleagues of the past would give me a welcome.

"If I had a share in the past in the construction of that organism which is now the 'Daily Express,' I have also done my best to provide for its future. I am holding and shall continue to hold my controlling shares for the purpose of handing them over to my sons and letting them assume the responsibility when they come to the proper age in a very brief time now. Thus the continuity of the control of the 'Daily Express' is, so far as human calculation can make it, assured for another generation."

F. W. GRAY, formerly assistant to the president of the British Empire Steel Corporation has been appointed assistant general manager of the corporation. He is now located at the corporation's Sydney offices where he exercises a more direct supervision of the corporation's coal mining activities.

For many years F. W. Gray has been recognized by those with any technical knowledge of fuel and of coal mining as an outstanding man in the industry. In addition to being recognized by all technical men as one of the outstanding authorities on coal on this continent, he has probably a wider knowledge of Nova Scotian coal and the Nova Scotia coal deposits than any other man in the world. The more direct application of his knowledge to Besco's mining operations should materially assist the corporation in its mining developments in Nova Scotia.

Other People's Views

Canada's Great Interest in Mining

Mohave (Ariz.) County Mines: No place in the world is mining more firmly established than in Canada and to further reinforce the position of all business the Canadian Pacific Railway is formulating plans in connection with mining for a more comprehensive development of the Dominion. It is stated that this big railway company has secured a large interest in International and Mond Nickel and that the new nickel merger is one of the consequences of the acquiring of the company interests. The company is also radiating its lines into the far north territory, where new mining is showing life. The company has also interested itself in copper mines of the Dominion and is reaching out for still greater interest that will further develop along its lines. The Canadian government is also aiding in every way in the furthering of mine development throughout its great domain, this work being through advertising and other publicity means, inviting the prospectors and miners into the unexplored recesses of that country. Unlike the United States, Canada and the British Government in general is doing everything possible to further the operation of mines that will bring the metals into use in that country. It knows the need of developing all the base metals, as well as that of gold and silver. What the Dominion needs is great iron mines and its position in the world of metals would be secure.

Canada Resurgent

Wall Street Journal, New York: Hearing Western Canada again resounding to the stroke of the track-layer's hammer, building new railroads at the rate of some five or six hundred miles a year—seeing its grain crops making a huge new bulk in the markets of the world and its pioneers again pressing forward to cut a path for the settler into the fertile northern wilderness, one cannot escape a deep impression of the Dominion's tremendous economic vitality.

Little more than a decade ago the government of Canada was moved to appoint a Royal Commission to consider what could be done with two-thirds of the country's railway mileage. Of 40,000 miles of road, 15,000 miles was owned by two private corporations unable to carry on without huge grants from the public funds, while another 8,500 miles was already on the hands of the Dominion or provincial governments and losing money.

Canada had then 185 habitants to every mile of railway, compared with 274 in Australia, 238 in Argentina, 400 in the United States and 2,000 in Great Britain. In the previous fifteen years the population had increased about 40 per cent., but the transportation plant had grown by 112 per cent. Everyone conceded that the country was overbuilt with railways and that it would grow up to them only through a discouragingly long vista of the years. Meanwhile their ownership was an almost crushing burden.

Had it not been for the World War, the Canadian Northern and the Grand Trunk Railway would doubtless have been left to stew in their own grease; that is, to lapse into bankruptcy and drag themselves through a re-organization painful to some hundreds of thousands of hopeful investors. The Royal Commission decided that the government must acquire 22,000 miles of road, subject to its debts, as the only practical way of keeping up adequate operation and avoiding the demoralizing effect of a financial crash of such magnitude "in the presence of the enemy." Only as a war measure did the people of Canada embrace government ownership on such a scale.

This year the net earnings of the National Railways are likely to be $50,000,000, against $37,500,000 last year and a previous maximum of $43,300,000 in 1926. Last year's deficit after allowing for all interest accrual, to private investors and to the Dominion government, is likely to be reduced from $34,000,000 to perhaps $22,000,000; it has been not far from $100,000,000 in some years.

Misgivings as to the position of the privately-owned Canadian Pacific, competing with a government-owned system of nearly twice the mileage, have been plentiful enough. But last year the Canadian Pacific laid steel upon 300 miles of new branches; this year it will earn as much per share upon 3,000,000 shares of common stock as last year upon 2,600,000 shares.

In 1917 the late A. H. Smith, president of the New York Central and a dissenting member of the Royal Commission, urged that the extension of government aid to the afflicted railways be closely limited and that only a portion of each system be actually taken over, his belief being that the economic recovery of Canada would come much sooner than most Canadians believed. His judgment has already been fairly vindicated by events. Already Canada is within calculation of the day when the government may put public ownership of railways and the dangers of political management thereof behind it.

How much of the credit for this remarkable performance must be ascribed to the rare tact and managerial ability of President Thornton of the National Railways, to the courage and faith of President Beatty of the Canadian Pacific and his stockholders, and to the natural poise of the Canadian people, it is not easy to say. The significant thing, next to the natural richness of a still new country, is that so far Canadian railway management has been successfully insulated from politics.

"Stop Me If You've Heard This One"

Solicitor — Would you indorse my cigarettes for two thousand dollars, sir?

Celebrity—For two thousand dollars I'd smoke the damned things.

"The Rising Tide of Prosperity in Canada"

This is the title of an article by the Standard Statistical Bureau which they have given us permission to reproduce and from which we quote as follows:

"Notwithstanding the marked industrial gain registered in the United States in 1928, as compared with 1927, the increase has been relatively far greater in Canada. The latest monthly index of manufacturing activity in Canada, compiled by the Dominion Bureau of Statistics, reached a level fully 20 per cent. higher than a year ago, whereas the Standard Statistics Company's index for the United States, although also at the highest level on record, showed only a 4 per cent. gain.

"Increased purchasing power resulting from the extraordinary crop yields of both 1927 and 1928, large-scale new enterprises, and the country's mining developments have been responsible for this rapid increase in Canada. Viewed from any standpoint, there is sound basis for anticipating further trade growth in 1929."

The centre article is decidedly worth reading and we shall be pleased to send one to enquirers.

Cochran, Hay & Co.
Limited
Dominion Bank Building, Toronto
J. STRATHEARN HAY, Member, Toronto Stock Exchange
HAMILTON LONDON KITCHENER WINDSOR

"Them's my sentiments"

The other day a pal of mine, an advertising agent, said to me: "Purkis, you would have secured such-and-such an account if you hadn't of been so independent about it. You didn't flatter the gentleman enough. He has been used to having a group of satellites around him and while I know and you know that that doesn't get him very far with his advertising, he hates to be made to feel that he doesn't know it all."

Now there is probably a great deal of truth in what my friend said. On the other hand, I'd just as leave be without a piece of business if I have to flatter a man every time I see him in order to hold it.

"Invest me in my motley,
Give me leave to speak my mind."

holds just as good today with an advertising man who is a craftsman as it did when Shakespeare wrote it. Kowtowing is the bane of this business.

I remember the head of one advertising agency who, wishing to give me some friendly advice many years ago, said: "Purkis, find out what the fellow wants and give it to him. Don't try to ram your ideas down his throat. Get the order."

If it's of any interest to readers of this advertisement, I am congenitally incapable of fawning for business. If you want that "my father was werry humble" manner in your advertising adviser, you had better look elsewhere.

I don't pretend to do anything for a customer but advertise—effectively and economically.

If you wish to discuss business, give me a call.

Thornton Purkis
Advertising Counsellor

Head Office:
330 Bay Street, Toronto

Branches:
922 Victoria Square, Montreal
62 Albert Street, Winnipeg

ADMINISTRATION & TRUST COMPANY
(Societe d'Administration et de Fiducie)
(Established in 1902)
Administrators
Executors Trustees
HEAD OFFICE - MONTREAL
5 St. James St. East - Credit Foncier Building
Branches
Quebec Winnipeg Regina Edmonton Vancouver
HON. SIR H. LAPORTE, Pres. J. THEO. LECLERC, Gen. Manager

Canadian Government
Provincial, Municipal
and
Corporation Securities

R. A. DALY & CO.
LIMITED
BANK OF TORONTO BUILDING
TORONTO
R. A. DALY, Member
Toronto Stock Exchange

FIRST MORTGAGE BONDS
(Real Estate and Industrial)
We have a number of select offerings, attractive both from the standpoint of yield and security.
Write or telephone for our list.
STEWART, SCULLY CO.
LIMITED
Bonds
10th Floor TORONTO Royal Bank Bldg.
Elgin 8333-4

Background of Business

Weekly Review of Canadian Conditions

CONDUCTED BY JOHN E. LANGDON

New Estimate Shows Slight Decline in Grain Yield
October Iron and Steel Production Sets High Mark
General Industrial Activity Continues at Good Level
Freight Car Loadings Well in Excess of Last Year
Commercial Solvencies Show Little Change in Number

THE Government crop estimate of last week showing the yield of wheat at a trifle over 500,000,000 bushels, while a drop of some 50,000,000 bushels from an earlier estimate, is still much above the average. At current market levels and allowing of a medium grade, the income received by the farmers from this source over the next three or four months should run close to half a billion dollars.

The putting into circulation of this large sum of money will have a widespread influence on trade in all parts of the country. In areas, such as the Prairie Provinces, where the purchasing power of the farmer is more pronounced than in the East, it is expected that the volume of merchandise passing into consumers hands between now and the middle of next year, will reach a new high mark.

Benefit Manufacturers

Naturally a large share of the money spent on new supplies will find its way to the East to the benefit of manufactures in that area. Since last spring Eastern industries have been busily engaged in replenishing stocks in anticipation of the heavy demand from the West. While the agricultural implement manufacturers and others engaged in the production of materials used in farming operations have about closed one of the most prosperous seasons in many years, the feeling is that the amount of buying next spring will not show any material falling off.

Aside from the large revenue of the farmers this year, other sources of income have been equally productive. The number of workers employed and the scale of wages paid up to date have been far above those for last year or any year since 1920 for that matter. Furthermore, the volume of employment this fall, when the usual seasonal readjustment takes place, has not fallen off to any unusual extent; in fact, the number of workers gainfully employed at the beginning of last month was considerably higher than at the same time last year.

This would indicate that industrial activity will be well maintained during the balance of the year. The figures on production of the major industries as issued by the Government from week to week, indicate this to be the case.

Heavy Iron Output

Last month the production of iron and steel, an excellent indicator of industrial activity, reached an unusually high level. The output of pig iron amounted to 93,186 tons, an increase of 3 per cent. over the 90,516 tons produced in the previous month and more than double the 38,097 tons reported for October of a year ago.

For the ten months ending October 31, 1928, cumulative production of pig iron totalled 838,659 tons. This was an increase of 38 per cent. over the 608,511 tons produced during the corresponding period of 1927 which in turn was 4 per cent. under the 631,187 tons reported for the first ten months of 1926.

Steel Production Gains

Production of steel ingots and direct castings during October at 108,987 tons was 9 per cent. over the output of 99,888 tons for September and almost double the total of 56,371 tons reported for October of last year.

For the first ten months of 1928, cumulative production of steel ingots and castings totalled 1,028,697 tons, an increase of 41 per cent. over the 730,660 tons produced during the corresponding period of a year ago, which in turn was 9 per cent. greater than the total of 664,084 tons reported for the first ten months of 1926.

Building Still Active

Although activity in the building trades has slowed up in the past month, there is still a large amount of work under way and a respectable total planned during the winter months. In Montreal, Toronto and other large cities, there are a number of projects in process of completion or about to be started, which will provide a large amount of work during the winter months.

There is apparently no lack of money available for new building. Public financing has been carried out quite extensively, though it seems this year that more and more private money is being put into office buildings, stores, etc.

The resumption of railway buying also has had a good effect on that section of the iron and steel industry engaged in rolling stock work. Both the Canadian Pacific and Canadian National have already placed large orders, but it is understood that additional contracts will be let before long.

Keep Plants Busy

As far as can be ascertained the structural steel companies will operate their plants at or near capacity during the greater part of the winter months. A large amount of work is on hand and the majority of companies are still behind on their schedules.

It is to be expected that the railways will undertake extensive improvement work next spring, in view of the healthy improvement in their financial position arising out of the record volume of traffic handled this year. The monthly and weekly reports of earnings, as issued by the two railways, show a substantial increase over those of last year, especially in the important item of net earnings.

More Freight Moved

From the beginning of the current year up to November 10, 3,191,212 cars of freight were loaded on Canadian lines. This compares with 2,913,166 and 2,800,865 cars in the corresponding periods of 1927 and 1926.

While most of the improvement has been due to the heavier loadings of grain and grain products, other divisions have registered good sized gains. Of the ten principal divisions, aside from grain, lumber, pulpwood, pulp and paper, other forest products, ore, merchandise and miscellaneous freight loadings are higher this year, while livestock, coal and coke are lower. The decrease is comparatively unimportant.

Failure Situation Healthy

Generally speaking business is proceeding along ordinary channels. The insolvency record for October is favorable in point of number of defaults, but shows a rise in the liabilities. Dun's report shows 191 commercial failures last month, as compared with 196 in the same month a year ago, but the present indebtedness of $3,574,342 is appreciably above the $1,937,728 of last year.

It is not expected that the final figures for the year on commercial failures will show much change from 1927. In that year the situation was favorable and a repetition this year is looked upon as a good sign.

Canadian Business Indicators

Compiled Weekly by The Financial Post

	Weekly Latest This Year	Last Year	Cumulative for Year This Year	Last Year
Car Loadings (Nov. 10)	93,514	76,454	3,191,212	2,913,166
Stock Index (Nov. 15)	698.1	251.7	......	......
C.P.R. Gross Earnings (Nov. 14)	$ 5,618,000	$ 5,498,000	$ 186,490,000	$ 162,849,000
C.N.R. Gross Earnings (Nov. 14)	$ 6,443,360	$ 6,109,304	$ 239,020,159	$ 214,381,229
Production—	Monthly			
Pig iron, tons (Oct.)	93,186	38,097	838,659	608,511
Steel, tons (Oct.)	108,987	56,371	1,028,697	730,660
Newsprint, cwt. (Sept.)	185,059	178,815	1,731 226	1,519,049
Automobiles (Sept.)	21,193	11.262	202,652	161,583
Boots and Shoes, pr., (Sept.)	1,402,515	1,548,589	13,657,029	13,416,180
Flour, bbls. (Sept.)	1,891,863	1,527,517	13,814,632	11,810,319
Construction—				
Building Permits (Oct.)	$ 21,508,672	$ 18,848,019	$ 187,697,420	$ 160,000,554
Contracts, (Sept.)	45,438,000	32,787,700	379,503,400	305,773,700
Labor—				
Employment Index (October)	118.9	109.0	......	......
Trade—				
Imports (Sept.)	$ 106,066,189	$ 91,802,777	$ 912,389,664	$ 815,617,480
Exports (Sept.)	$ 109,828,366	$ 97,412,316	$ 910,074,152	$ 831,055,968
Imports of Key Products—				
Rubber, lbs., (Sept.)	6,294,687	4,183,302	48,808,849	46,386,944
Cotton, lbs. (Sept.)	4,970,969	4,814,195	85,905,110	98,361,852
Sugar, cwt., (Sept.)	736,343	769,362	6,926,171	......
Petroleum, gal., (Sept.)	14,286,084	13,141,770	296,928,899	......
Coal, tons, (Sept.)	1,422,739	......	10,066,379	......
Exports of Key Products—				
Newsprint, cwt., (Sept.)	3,416,805	3,377,105	......	......
Automobiles, No. (Sept.)	6,279	2,856	52,135	47,053
Wheat, bush. (Oct.)	43,687,219	19,429,654	240,928,001	157,448,188
Wheat flour, bbls. (Oct.)	1,170,979	898,798	8,655,088	7,156,700
Electric Power—Output—				
M. Kilowatt hours (Sept.)	1,278,269	1,200,133	11,556,119	10,251,000
Population—				
Emigration (Sept.)	7,538	9,542	......	......
Immigration (Aug.)	25,340	10,242	......	......
Finance—				
Failures, No. (Sept.)	164	125	1,404	1,280
Failures, Liabilities (Sept.)	$ 2,070,279	$ 2,845,749	$ 20,464,378	$ 21,632,043
Bank Debits (Sept.)	$3,050,950,943	$2,843,933,991	$30,901,642,725	$24,156,870,155
Bond Sales (Oct.)	$ 39,554,022	$ 100,486,636	$ 362,691,338	$ 570,596,937
Insurance Sales, (Sept.)	$ 38,872,000	$ 35,000,000	$ 413,419,000	$ 360,198,000
Wholesale Prices (1913-100)—				
General Index (Oct.)	150.2	149.7	......	......
Iron	139.1	142.2	......	......
Cottons, raw	151.2	173.8	......	......
Grains	142.9	163.1	......	......
Cattle	141.0	116.3	......	......
Rubber	36.9	56.4	......	......

GEORGE A. FULLER COMPANY
OF
CANADA LIMITED

BUILDING CONSTRUCTION

MONTREAL TORONTO

Established in Canada in 1909

DRIVE WITH SECURITY!

No investment offers so much real security to drivers and passengers in Motor Cars as our ON-SHATTERABLE WIND SHIELDS AND SIDE LIGHTS

Danger constantly surrounds the automobilist. This danger is increased in case of accident by flying glass.

Cars equipped with Non-Shatterable Glass offer a constant protection.

Patentee and Manufacturer

PERFECTION GLASS CO. LTD.

Toronto — 2977 Hutchison, Montreal

SEA FISH CATCH RECORDS INCREASE

October Returns Higher Both In Volume and Value

During the month of October there were 217,576,800 pounds of sea fish landed in Canada with a value to the fishermen of $3,860,841, compared with 162,252,500 pounds during the same period of the preceding season, valued at $3,269,380.

Increased catches were recorded in cod, haddock, hake, pollock, sardines, smelts and lobsters. The catch of pollock almost trebled that of last year, while lobsters almost doubled in the catch and twice as many smelts were taken as compared with the same period last year.

On the Atlantic coast the total quantity of cod, haddock, hake and pollock taken during the month was 67,123,000 pounds as compared with 63,174,100 pounds during the same period of the preceding season.

Lobster Catch Up

A considerable increase was recorded in the catch of lobsters, 1,613,200 pounds being taken of which 869,500 pounds were shipped fresh and the balance canned, making 3,651 cases. In the same period last year only 961,900 pounds were landed of which 391,600 pounds were shipped fresh and the balance canned, making 2,852 cases. The catch would have been greater this year had it not been that a large number of lobster traps were destroyed by worms.

The total catch of lobsters since the beginning of the present season was 31,505,200 pounds, of which 9,131,600 pounds have been consumed fresh and the balance canned, making 111,382 cases, while in the same period of the preceding season, the catch was 30,907,400 pounds of which 8,017,500 pounds were consumed fresh and the balance canned, making 114,400 cases.

Halibut a Feature

A considerable increase is recorded on the Pacific coast in the catch of halibut, 3,062,100 pounds being landed during the month as compared with 2,735,900 pounds during the same period last year.

Almost double the quantity of pilchards were landed during the month under review as compared with the quantity landed last year, the catches being 75,585,900 pounds and 38,084,400 pounds. The greater part of these catches were used in the reduction plants for manufacture into meal and oil.

A considerable increase in the catch of salmon is also recorded, 43,381,700 pounds of the different varieties of salmon being landed as compared with 32,741,900 pounds during the same month of last year.

INVESTORS MORTG'GE WILL ADD TO CAPITAL

Scottish Company's Revenue Grows in Last Year

Second Investors' Mortgage Security Co., a Scottish company which invests largely in Canada, had net revenue of £83,280 for the year ended September 30, 1928, compared with £70,896 in the previous year. The company paid £65,600 in dividends on the £1,000,000 of capital stock, divided into £600,000 of 5 per cent. preference stock and £400,000 of common stock, compared with £54,630 the previous year.

Capital of the company is to be increased £300,000 in preference shares of £1 each and £200,000 of ordinary shares of £1 each. The ordinary shares will be offered to shareholders of record £2/2 each in ratio of one to four.

Balance sheet and revenue account show considerable progress in the last year. Income from investments increased from £138,880 to £163,048. Debentures outstanding grew from £931,975 to £1,213,000. Investments, at cost less amount of contingent fund, increased from £2,298,934 to £2,588,640. Capital reserve fund now stands at £250,000, £17,000 having been appropriated therefor from the year's income, £20,000 from profit on investments realized account.

Business Conditions in United States

The dollar volume of trade in the United States during the week ended November 10, as reflected by cheque payments, was somewhat smaller than in the previous week but recorded a substantial advance over the corresponding period of last year, according to the weekly statement of the Department of Commerce. Steel-plant operations showed some reduction from the activity which prevailed during the previous week but were on a higher scale than prevailed a year earlier. Factory employment in Detroit showed a seasonal recession from the previous week but was substantially higher than in the same period of 1927. The value of new building contracts awarded showed a smaller daily average than in the previous week but was greater than in the same period of last year. The general index of wholesale prices again receded from the previous week but was still above the corresponding period of last year. Prices for iron and steel and copper averaged higher than in either prior period. Cotton prices showed an advance over the previous week but were lower than in the same week a year ago.

Prices for bonds averaged higher than in the previous week but were lower than a year ago. Loans and discounts of Federal reserve member banks were larger than in either the previous week or the same week of last year. Interest rates for time funds showed no change from the previous week but were higher than last year. Interest rates for call money averaged lower than in the previous week but were higher than a year ago. Stock prices reached a new high level during the week.

The output of bituminous coal during the week ended November 3 showed a decline from the previous week but was considerably greater than in the same period of last year. Petroleum production during the same week also showed a decline in the previous week and a gain over the same period of 1927. Lumber output showed no change from the preceding week but was smaller than a year ago. Distribution of goods, as reflected by freight car loadings, was running greater than a year ago. Receipts of wheat at primary markets were smaller than last year. Receipts of hogs, however, showed a gain over a year ago, while cattle receipts recorded a decline from the same period of 1927.

Weekly Business Indicators
Average 1923-25=100

	1928 Nov. 3	1927 Nov. 5
Steel operations	114.5	86.0
Bituminous coal production	114.6	92.6
Lumber production	92.3	105.5
Petroleum production (daily average)	119.9	117.8
Detroit employment	127.3	86.9
Freight car loadings	....	108.4
Bldg. contracts 37 states (daily average)	122.4	86.3
Wheat receipts	154.4	176.4
Cotton receipts	295.0	293.8
Cattle receipts	108.5	132.6
Hog receipts	71.6	56.2
Price No. 2 wheat	93.0	....
Price cotton middling	71.3	77.9
Price iron and steel, composite	86.3	85.8
Copper, electrolytic, price	113.0	94.9
Fisher's index (1926=100)	97.9	96.1
Check payments	131.0	130.7
Bank loans and discounts, total	128.6	120.3
Interest rates, call money	181.8	87.9
Business failures	103.2	114.0
Stock prices	216.7	177.9
Bond prices	108.1	110.2
Interest rates, time money	160.0	100.0
Federal reserve ratio	86.7	96.0

Orange Crush to Rise?

Gairdner & Co., Toronto, have informed clients that they consider Class "A" and "B" preferred and the common stock of Orange Crush, Limited, to be a desirable purchase at present market levels. The bulletin states that, in their opinion, these stocks will appreciate in value within the near future.

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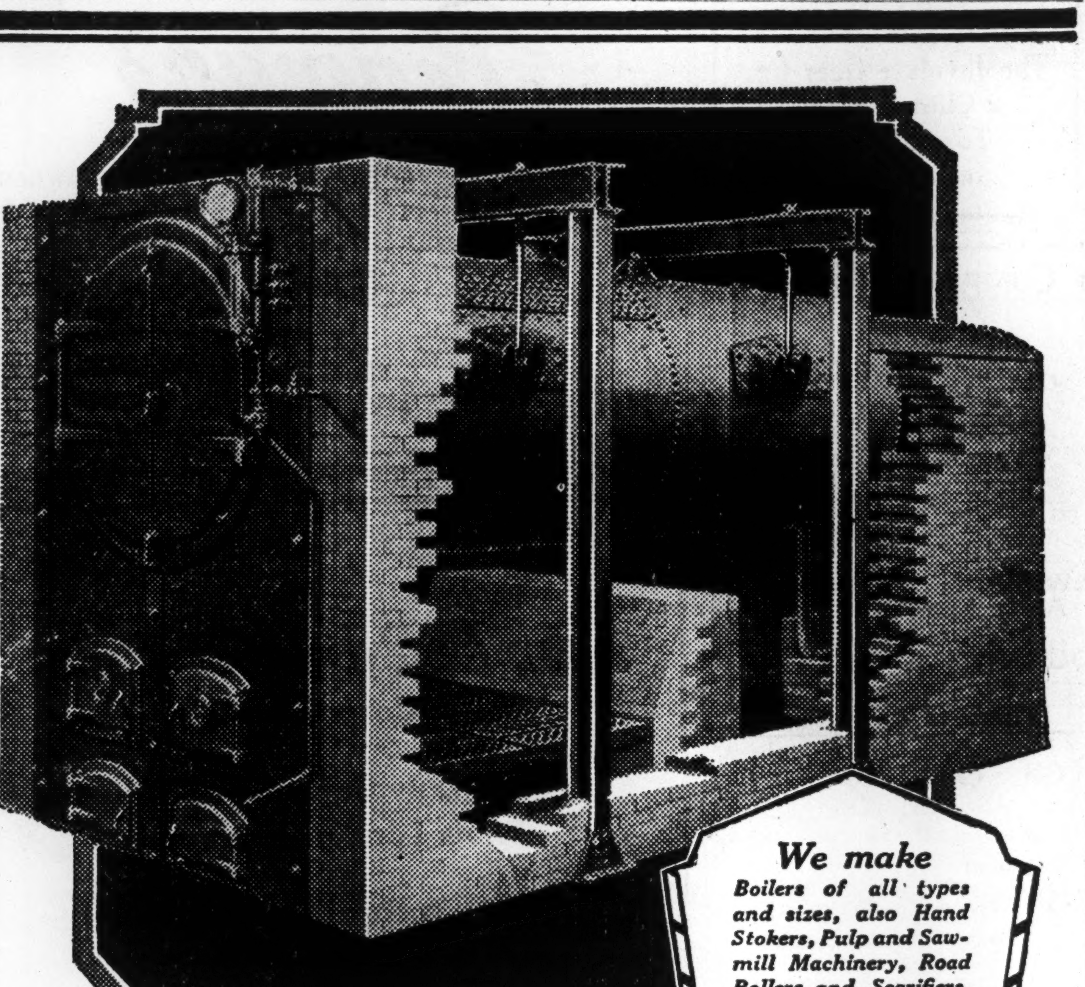

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DUNHAM HEATING

An open letter from the president of C. A. Dunham Co., Limited

OUR National business has become International. Under corporate powers vested in several companies, the latest of these is the C. A. Dunham Company, Ltd., of London, England.

There are at present more than eighty offices in the United States, Canada and Great Britain, and in addition thereto, there are several agencies in other parts of the world. This forms an active background for the Dunham Differential Vacuum Heating System.

An Organization of Specialists

In each office there are from one to ten members—one or more of whom have engineering training, qualifying them to advise on the proper application of this new heating method.

Certain well defined territory boundaries surround each company office, and all installations are the fixed responsibility of the managing engineer in whose territory these systems may be located.

Such local tie-ups between the company's organization and the Architect's engineer to design the heating, and subsequently with the heating contractor in the installation, is insurance of satisfaction to the owner.

This is a brief picture of the merchandising end of the Dunham organization.

It represents the contact point thru which our message of helpful service is demonstrated;—only on its proper functioning, can the years of rich experience be turned into channels of everlasting profit to the recipient of Better Heating. The reputation and the combined intelligence of the men who are back of this work cannot be questioned; each has a sustaining conviction of his responsibility in helping to make this system possible for general use.

Its Value Has Been Proved

There is no mistake about the value of heating buildings with low temperature steam which may be varied to meet the needed output to balance the heat loss. Mr. Apple, Superintendent of the Barlum Tower, Detroit, states that last season's cost of heating that forty-story building with this system, was $0.292 per square foot of radiation. The season started September 12, 1927, and ended June 5, 1928; it was a green building and had all the usual handicaps of foreign matter to clear, which invariably attends the first year of any installation. Steam costs were $1.00 per 1,000 pounds.

Our own building heating costs dropped from $0.199 the first season, to $0.169 the second season's operation per square foot of radiation, and in each case this record was for the entire period between October 1st and May 31st, using oil as the fuel.

Chicago apartment buildings show greater savings the second season than for the first, with a radiation operating cost per square foot as low as $0.212 for the full heating period just passed using coal as fuel.

We have records on file of installations in and between Quebec, Canada, and Dallas, Texas; between Rhode Island and Oregon, each reflecting variables in fuel conditions and weather changes. Reports from every installation which was in operation during any portion of the winter, have been uniformly satisfactory and with fuel saving established beyond our most sanguine expectations.

A Most Important Development

Our own engineers, who have been so closely identified with me in this development, admittedly agree that for useful results wherever artificial heat is needed, this system numbers with the most important developments of the present day.

A mere statement that the Differential System properly installed and operated can accomplish the remarkable fuel saving claims, sounds bombastic without the evidence, but it is true—we have the evidence and the proof that the Dunham Differential System will save 25% (or more) of fuel over the standard vacuum return line system in general use to-day.

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Pulp & Paper

Price Profits Sure to Show Big Drop

Last Balance Sheet Forecasts Major Decline in Profits

EARN ITS DIVIDEND?

From Our Own Correspondent

MONTREAL. — The common shares of Price Brothers and Company, paying $2 a share annually, have been selling fairly steadily above the $70 a share mark.

The reasons for the strength in Price Brothers shares appear to be twofold. The shares are closely held. Control lies with the Price family. There seems to be no chance of the Prices ever losing control of the undertaking. What other shares there are outstanding are virtually all held in strong hands. Sir Herbert Holt owns a large interest in the company. Consequently there are virtually only a few shares which change hands between investors. Most of the holders of the stock have purchased it as a four or five-year hold.

Demand From Britain

Lately also there has been a decided demand for the shares in Great Britain. With newsprint at $52 a ton next year, the immediate outlook for the future of the company can not be regarded as particularly satisfactory. The long pull outlook, though appears to be of the best, for in addition to Price Brothers' extremely valuable investments, its physical assets are of a magnitude which as a long pull, indicate a sure return to the shareholders. At its present prices, though, some brokers do not feel that the stock is particularly attractive.

$6 a Ton Less in 1929

The capacity of Price Brothers newsprint mills now amounts to about 700 tons a day. Hence the rated capacity of the plants is 210,000 tons annually, on a 300 day a year basis. In 1929 Price Brothers will probably receive about $52 a ton as compared with minimum prices at present of say, $58 a ton. Some of the newsprint companies are getting more than this. This means that on its capacity of 210,000 tons a year Price Brothers will receive $6 a ton less on each ton during the coming year.

Multiplying these two figures together gives an indicated decline in profits of $1,260,000 next year.

Last year, Price Brothers showed net profits applicable to preferred and common dividends of but $1,629,000. The decline in newsprint of $6 a ton means a decline of $6 a ton in net profits. Price Brothers' preferred dividend requirements amount to $455,000 annually.

Results Next Year

From the foregoing figures therefore, it seems that Price Brothers, like all the other newsprint producers, will not show its common dividends earned during 1929, provided the $52 price is in effect throughout the year. The company next year will earn close to half a million dollars from lumber operations. Company is also getting a good volume from investments. So if the dividend is not earned the difference will be very small. And there seems no doubt that the payment will be continued.

Of course, Price Brothers has a new 200 ton newsprint extension to its Riverbend mill pretty well completed and next year may increase its production. Moreover, the company should obtain some revenue from the Donnacona Paper Company, its new subsidiary.

But, taking all these factors into consideration, indications are that earnings next year will take a very decided drop.

May Not Decline

Hence, those brokers who feel that the tide in the affairs of the newsprint industry has reached its low ebb, are not particularly impressed with the merits of Price Brothers stock at its present level, as compared with some of the other newsprint stocks.

This does not necessarily mean, though, that Price Brothers shares will sell lower because, as has been said, very few of the stockholders at any time desire to part with their holdings.

The immediate market outlook for Price Brothers stock, of course, depends on the developments within the newsprint industry. It is generally felt that the situation can hardly develop any more unfavorable features than those already generally known and recognized. It is possible, though, that the low prices in the industry may prevail for a year or two or more.

Is Speculation

The whole situation is speculative, and obviously newsprint stocks must also be speculative.

While the foregoing presents only the bearish view of Price Brothers stock, there are points about its operations which throw a much more favorable light on the outlook for the shares marketwise.

While Price Bros. has a capacity at its newsprint plants of 210,000 tons annually, yet during the current year production has been at about 80 per cent. of the capacity of the mills. Hence the drop in profits next year may not be as drastic as that indicated by the figures.

To Reduce Costs

Moreover, the company, like all the producers, in 1929 will put every economy possible into effect and operating costs together with various allowances for reserves undoubtedly can be reduced.

It is said also that Price Brothers is steadily increasing its revenues from lumber operations. It is one of the largest lumber companies in Canada — although of recent years the profits from this source of its activities have been slim as compared with the revenues from the manufacture of paper. As we have seen above, next year should see $500,000 profit from this source.

Admitting that there will be factors offsetting to a degree declining earnings in 1929, nevertheless, the last annual report of the company can at least be said to indicate that common dividends will not be earned next year, unless the newsprint situation undergoes an improvement—which it may do.

In any event, Price Brothers can well afford from its strong financial position to pay its common dividends even during a period of depression in the industry.

At its present price level, though, Price Brothers can not really be said to be selling out of line with the other newsprint producers. For instance, a comparison of the company's total newsprint capacity, bonded indebtedness and stock outstanding with other newsprint producers shows that the shares are not selling out of line with the others.

The comparison of the Price Brothers last annual income account might seem to indicate that the stock is, perhaps, out of line—but the published income of the company is, and always has been only a conservative estimate of its earning position. So. if next year the company should show earnings nearly at common dividend requirements none with any degree of knowledge of Price Brothers will be particularly surprised.

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who for 16 years was vice-president of the Baker Advertising Agency, and is now president of the F. H. Hayhurst Company, a recently organized advertising agency with headquarters in Toronto. W. Palmer Hayhurst, a son, is vice-president.

JAMES W. SEWALL
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OLD TOWN, MAINE

International Paper Profits in Substantial Decline

	Quarter Ending Sept. 30, 1928	Quarter Ending Sept. 30, 1927	Nine Months Ending Sept. 30, 1928	Nine Months Ending Sept. 30, 1927
Total Revenue	$ 4,399,396	$ 4,015,364	$13,174,210	$11,086,916
Less:				
Depreciation	1,715,079	1,232,281	4,606,704	3,327,762
Interest on Funded Debt	1,315,690	1,195,862	3,758,944	3,420,583
Amortization of discount on Funded Debt	88,757	92,055	240,682	261,151
Reserve for Income Taxes	115,000	112,000	330,000	287,000
	$ 3,234,527	$ 2,632,198	$ 8,936,331	$ 7,296,497
Net Rev. Available for Divds.	$ 1,164,868	$ 1,383,165	$ 4,237,878	$ 3,790,418
Dividends on Canadian Hydro-Electric Corporation. Ltd., 1st Preferred Stock	187,500	......	562,500	......
Net Revenue Available for Dividends on International Paper Company Stocks	$ 977,368	$ 1,383,165	$ 3,675,378	$ 3,790,418
Dividends on International Paper Company Preferred Stock	1,709,176	961,057	4,948,900	2,418,725
Dividends on International Paper Company Common Stock	600,000	568,541	1,799,993	1,342,008
Total Dividends	$ 2,309,176	$ 1,529,599	$ 6,748,903	$ 3,760,733
Balance of Net Revenue or Deficit to Surplus	*$1,331,807	*$ 146,433	*$ 3,073,524	$ 29,685
Paid In Surplus:				
Conversion of International Paper Company 6% to 7% Preferred Stock	......	32,510	27,550	62,260
Premium received on sale of International Paper Company 7% Pref. Stock	6,718	......	212,036	......
	$ 6,718	$ 32,510	$ 239,586	$ 62,260
Surplus Change	*$1,338,525	*$ 118,923	*$ 2,833,938	$ 91,945
Surplus Beginning	21,153,130	22,463,949	22,648,543	22,258,080
Surplus End	$19,814,605	$22,350,025	$19,814,605	$22,350,025

*Deficit.

WAYAGAMACK IS DEVELOPING NEW LINE OF OUTPUT

To Make Small Production of Waxed Paper—Profits Satisfactory

From Our Own Correspondent

MONTREAL. — Wayagamack is installing new equipment in its kraft plant, to produce waxed paper such as is used in wrapping bread. With the increasing use of this type of paper, the company seems assured of a growing market for this portion of its output, which incidentally will not loom very large in its total production. Two weeks ago, rumor indicated that Wayagamack would switch over its 100 ton newsprint machines into the production of waxed paper. Such statements were obviously incorrect, as the production of 200 tons a day of waxed paper would flood the market.

Earnings of the Wayagamack Pulp and Paper Company for the current fiscal year which ends November 30 next will amount, so it is said, to about $7 a share on the 133,333 n.p.v. common shares outstanding. There will be also a strengthening in the company's liquid position.

Earnings last year amounted to $7.27 a share on its 100,000 shares outstanding. Last April 33,333 new shares were offered to the shareholders at $60 a share.

Due to the decline in the price of newsprint, Wayagamack shares have dropped from a high of 127, down to about the 70 mark. In view of the company's large production of sulphate pulp and kraft paper, on which it relies for earnings more than on its output of newsprint, it seems apparent that the market at the present levels for the shares, has fully discounted the situation existing in the field of the company's newsprint activities.

The Bates Valve Bag Company at Cap Madeleine is carrying out an expansion programme which will ultimately double its output. This development is a favorable feature in the outlook for the Wayagamack Pulp and Paper Company as Wayagamack finds a satisfactory outlet for a portion of its kraft paper production in the raw material purchases of the bag company. The continued growth of the Bates Valve Bag Company indicates clearly the maintenance and increase of the demand for kraft paper bags for industrial purposes.

The Bates Valve Bag Company is a subsidiary of a well-known U. S. corporation, and was established at Cap Madeleine, just across the St. Maurice River from Three Rivers, P.Q., three years ago. It manufactures kraft paper bags for flour, cement and other industrial purposes. The company's Canadian business has shown a very substantial growth since its inception and the further addition to its plant is undoubtedly a favorable portent in the outlook for the demand for Wayagamack's kraft paper output.

INTERNATIONAL WILL INCREASE OUTPUT

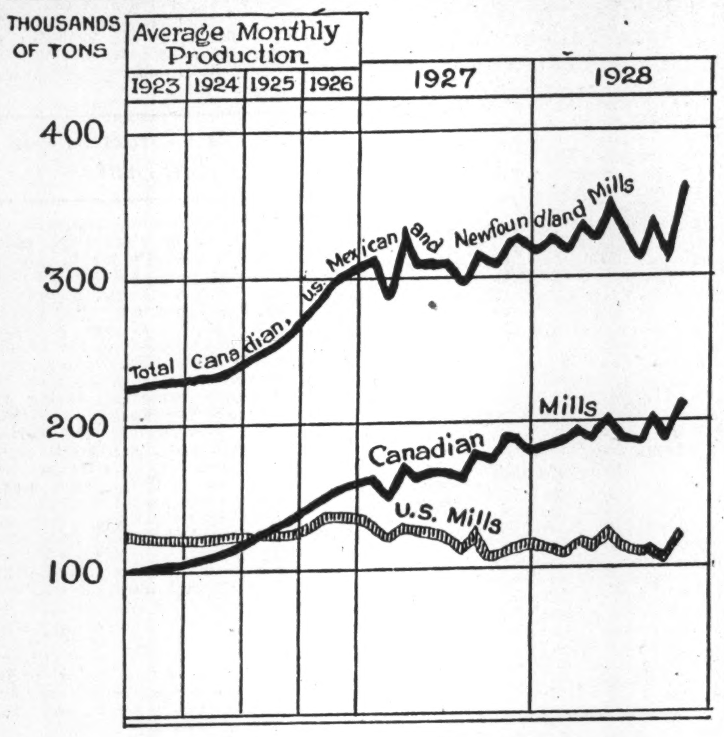
From Our Own Correspondent

MONTREAL.—While the quarterly earnings statement of the International Paper Company for the third quarter ending September 30 shows that profits during the quarter and during the first nine months' period of the year were not sufficient to meet either preferred or common dividend requirements, yet the statement issued by the company indicates that in 1929 the company's mills should run close to capacity. A greater scale of operations at International's mills, would to a degree offset the decline in newsprint prices to around $52 a ton.

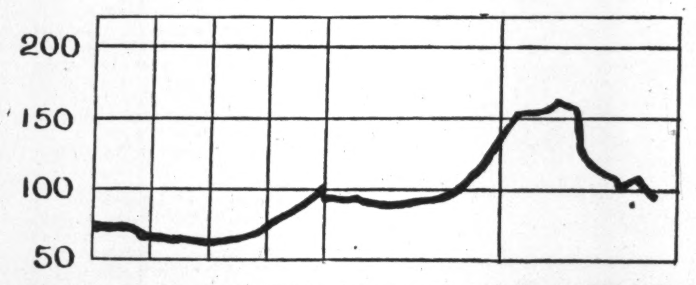
The company's announcement included with the quarterly earnings' statement covers the decline in earnings in the following terms:

"Third quarter earnings are normally somewhat less than average, due to seasonal variations; and the continuance of the curtailment of operations referred to in the last quarterly statement has further reduced earnings. Curtailment in the current quarter is less, and with the signing of a contract for a large quantity of newsprint to be supplied to the Hearst papers, the company's newsprint mills should run approximately to capacity in 1929. Substantial savings are also anticipated from improving manufacturing efficiency, and the company's earnings for next year, while unsatisfactory and below dividend requirements, should be better than would be indicated by mere application to the company's newsprint tonnage of the present newsprint price reduction. That fact and prospects for substantially increasing income in 1930 and 1931 from the company's power developments, from paper mills now under construction and from other sources, lend a stability to the company's earnings, which in the face of lower newsprint prices might not otherwise exist."

Statistics Show Some Improvement



Index of Pulp and Paper Stocks



The chart shows clearly that in October the newsprint production on this continent reached record levels. The output of the Canadian mills also touched a new high mark, while the output of the U. S. mills amounted to about the average monthly production during 1923, 1924 and 1925. In other words, any real decline in the U. S. output is not yet visible. The lower chart shows the slump which has occurred in the paper stocks this year. The drop in the curve of the price of paper stocks would be even more exaggerated, but for the fact that the index includes the securities of companies which manufacture fine paper. The domestic fine paper market is, of course, not affected by the present slump in the price of newsprint in the U. S.

PULP MARKETS ARE in BETTER POSITION?

United States is Absorbing More Sulphate and Sulphite

From Our Own Correspondent

MONTREAL.—While there was a substantial decline in the amount of sulphite pulp exported from Canada to the United States during September, yet during the first nine months of 1928, there was an increase of about 3 or 4 per cent. in the sulphite exports to the United States.

While the increase during the first nine months has not been large, yet it indicates a betterment in the situation. While the growth of the newsprint industry has resulted in a much larger domestic demand for sulphite, at the same time the exports have increased.

The market for sulphate pulp also seems to be satisfactory. Despite the increasing demand for kraft paper in Canada this year, coupled with a larger usage by the mills of their own sulphate pulp production, there has been an increase in the exports of sulphate from Canada to the United States during the first nine months of 1928. While the increase is only marginal, nevertheless this also indicates a healthy position.

Were Unsatisfactory

For the past few years the markets for pulp have not been particularly satisfactory—at the moment the outlook appears a little brighter—despite the slump in newsprint prices.

However, a decline in newsprint prices must ultimately, at least, have some sympathetic effect on the prices for sulphite pulp, even though high grade sulphite pulp and sulphate pulp do not enter into the manufacture of newsprint.

The effect of newsprint on sulphite pulp is obvious, for about 25 per cent. of the raw material entering into the manufacture of newsprint consists of low grade sulphite. This may have an effect on the higher grades. With sulphate, of course, the situation is entirely different, as there is no relation between the markets for kraft paper and sulphate pulp, and newsprint. It is unlikely that the price situation in the newsprint field will ever have any effect on kraft or sulphate pulp markets.

Westward Ho!

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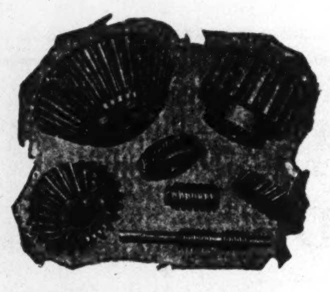

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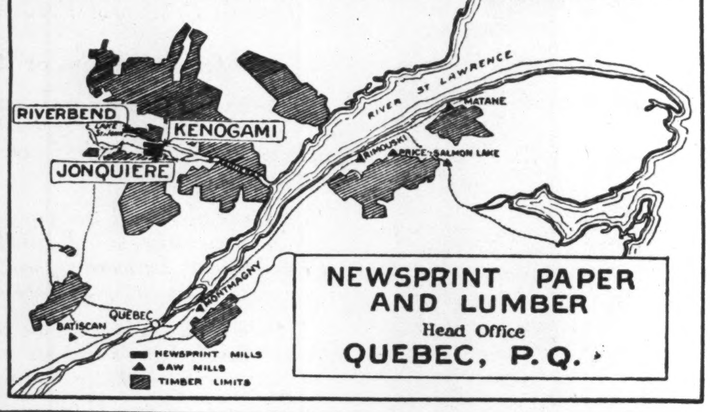

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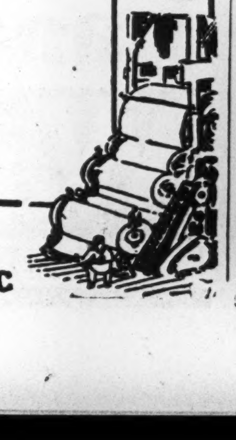

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Daily Capacity 2200 Tons Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

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FRASER COMPANIES LIMITED
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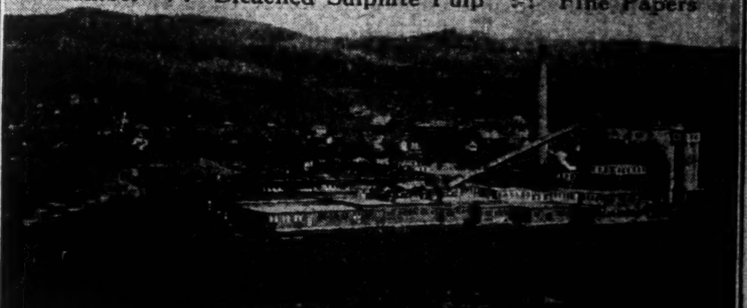
Lumber :: Bleached Sulphite Pulp :: Fine Papers



SULPHITE MILL AT EDMUNDSTON, N.B.

Your Investments

Investment questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published on this page. We cannot extend this service to non-subscribers. A two-cent stamp or stamped envelope must always be enclosed to cover the direct reply. Write mining and insurance inquiries on sheets separate from other investment inquiries.

Building Products

What is your opinion of the common stock of Building Products? Do you think I should continue to hold on to my holdings?

Building Products is in a favorable position and while the market action of the stock has not been altogether satisfactory during the past month or two it will come back in time we believe.

Bathurst

I bought Bathurst stock at the offering price. Is there any market for it? What is the company doing, and would you advise me to hold on to the stock?

Bathurst Pulp and Paper stock is at least a five year hold. The company has large assets but we do not look for any development program to exploit these for some little time. There would be no advantage in selling at the present time; in fact there is virtually no market for the stock.

Dom. Bakeries

I would appreciate your opinion on the preferred stock of Dominion Bakeries. This stock was offered recently by a Montreal investment house, and I would like to have your opinion on it.

The preferred stock of Dominion Bakeries is satisfactory as an investment. The constituent companies have a satisfactory record of earnings and have been in operation for some years in their respective territories. Furthermore the company is sponsored by one of the largest milling companies in the Dominion.

Imperial Tobacco

My present holdings cover a fair degree of diversification of bonds, preferred stocks and high grade common stocks. Some time ago I bought Imperial Tobacco and am now wondering if I should continue to hold it. What is your opinion?

Imperial Tobacco common stock is a hold. The company is doing as well as may be expected. It is possible that at the next meeting of the Federal House that the Budget will include a reduction in the excise tax on tobacco. It was thought that this would be done at the last meeting of Parliament but such did not take place. The possibilities of it taking place before the present Government goes to the country are very good. This is a bullish factor.

C.P.R. Dividend

Am informed that the Canadian Pacific cannot increase its present dividend of 10 per cent. without having its charter changed. Is this correct?

You have been misinformed regarding the dividend policy of the Canadian Pacific Railway. There is nothing in the charter which prevents the Canadian Pacific from paying more than a 10 per cent. dividend on its common stock. As you know the company has always been very conservative in its dividend policy and when the dividend was increased from 8½ to 10 per cent., the management of the company was in a position to pay the dividend without interruption.

If the management considers that its financial position warrants the increasing of the dividend on the common stock it would be able to do so without amending its charter or asking for special legislation.

It is highly improbable, though, that the management will consider increasing the dividend just now.

B. A. Oil

This seems to be a good time to buy oil stocks and I have in mind the purchase of a few shares of British American oil stock. Is this a safe course?

British American Oil is in the semi-investment class. It does not publish a balance sheet so it is not possible to make any analysis of the company's earnings but judging from the activity of the other oil companies British American is doing very well. It is an attractive buy.

Gurds

I have a few dollars which I would like to put in some attractive common stock. Gurd's common has been recommended to me, but before purchasing would like to have your views on the stock.

Purchase of Gurd's common stock at current levels, is an attractive speculation. The company is doing exceptionally well, earnings are increasing and over a period of time we believe it will be a profitable medium of investment.

Utilities "A"

I am holding some of the "A" stock of International Utilities Corp. I do not wish to hold anything that is too speculative and would like to have your opinion on this stock.

There has been little news of a constructive nature on International Utilities Corporation in the last month or two. Its various subsidiaries, principally Canadian Western Natural Gas, Light, Heat & Power Company, are expanding at a satisfactory rate and earnings have been increasing. This stock is attractive for a long hold. The shares can be regarded as a business man's hold only.

B.C. Packers

Some time ago I purchased some of the common stock of B. C. Fishing. I now have a good profit on my holdings, but in view of the favorable news appearing lately am inclined to hold on to it. What would you recommend?

While the good news of B. C. Packers, which will be made public sometime next month, has been largely discounted on the stock market, we think that the stock is worth more than the current price. The company has had a very successful year. Not only was the pack as large, if not larger, than the record year of 1926, but the price received per case was considerably higher. Furthermore, the pack has been sold on a cash basis and the carry-over of inventories into 1929 will be considerably less than at the beginning of 1928. It is quite possible that the company will show earnings available on the common of $3 a share. There is little possibility, however, that the company will pay a dividend on the common. In view of the marked improvement which has taken place in the salmon-canning industry on the Pacific coast during the past eight months and the favorable outlook for the next two or three years, we think that the stock of B. C. Packers should be held for a period of at least one or two years. In that time, we think that there will be an appreciable advance in the market value of the stock of this company.

Brazilian

I purchased Brazilian at 55 and am now considering selling my holdings as I have a good profit. My friends tell me to hold on, so I would like to have your opinion.

Brazilian is a good stock to hold on to at present. On your purchase price of 55 you now have a very good profit and all indications point to a further appreciation of market value. Reports on earnings as issued from month to month indicate a substantial increase over those of last year.

Alta. Pac. Grain

A short time ago I purchased Alberta Pacific Grain common. In the meantime the stock has declined. Is there anything wrong with the company and should I hold on to the stock?

Alberta Pacific Grain common is a good hold. While the stock is now selling at less than what you paid for it, current operations are understood to be very good and it is likely that earnings for the 1928-29 season will be higher than in the year just passed, which was quite satisfactory. This should reflect itself in the market value of the common.

Canada Malting

Several months ago, I purchased stock in the Canada Malting Company. I have a slight appreciation in value on my holdings, but lately the stock has not been active. Would it be better to sell now and get into a more active stock?

The strong connection between Canada Malting and the distillery companies of Canada assures a good market for their products. Canada Malting is doing very well and it would be advisable to hold on to this stock, as your loss at the moment is much less than in the other securities you hold.

Rolland Paper

Would it be advisable for me to sell some common stock of the Rolland Paper Company, which I now hold? In view of the present uncertainty in the pulp and paper industry, some of my friends are recommending that I sell.

There would be no advantage in selling the common stock of Rolland Paper at the moment. While the situation as regards the pulp and paper industry in general is rather unsatisfactory at the present time the fine paper producers are in a much better shape than the newsprint manufacturers. The latest information we have on Rolland Paper is that the company is doing well, has a large volume of orders on hand, sufficient to keep the plant busy for many months.

Sarnia Bridge

Do you think that Sarnia Bridge stock will come in for the same market attention as National Steel Car, Dominion Bridge and other stocks of that nature? Would you recommend it as an investment?

Sarnia Bridge has been securing a fair share of business during the past summer and we understand that its plant operations are as large as were anticipated early in the year. The stock of this company, however, should be considered as a business man's hold. It is not in the investment class. Its record of earnings is fairly satisfactory but we are of the opinion that the company is still some distance away from being a proven investment medium. The outlook for its future is satisfactory.

Needs Seasoned Stocks

On my present holdings, all held on 30 per cent. margin, I have a considerable loss. I am rather in a quandary as to whether I should hold on or sell now and invest the proceeds in some "high-grade" stocks. What do you think?

If you decide to take your loss on those stocks which we think should be sold, the proceeds should be invested in high grade common stocks. It is alright to take a flyer on the "cats and dogs" now and again but from an investment standpoint this is a bad practice. You will find that if you invest in such stocks as Shawinigan, Montreal Light, Heat & Power, Bell Telephone, Consumers's Gas, Power Corporation of Canada, Winnipeg Electric and others of seasoned value, that in the long run you will make much more money from holding these stocks than you will from taking others which are speculative.

Round Out Policy

During the next few years, I expect to have about $2,500 a year for investment. Up to date my investments have all been confined to bonds and preferred stock, but in view of the excellent record of common stocks over the past few years, I am thinking of confining my future purchases to that class, as I think I have sufficient bonds and preferred to provide for a safe background. Your opinion as to this policy and the stocks I should buy, will be appreciated.

As regards your future investments of approximately $2,500 a year we would recommend that a man in your position invest only in sound common stock with companies that have a proven record of earnings or are in such a position that over the next few years will show considerable expansion and strength of financial position. Accordingly, we would confine the investments to common stocks of such companies as Shawinigan, Montreal Light, Heat and Power, Quebec Power, Consumer's Gas, Power Corporation, International Petroleum, Imperial Oil, National Breweries, Winnipeg Electric, etc. You can purchase these stocks on margin, but, your margin should amount to at least 50 per cent. of the value of the stocks. If it is your intention to pay for the stocks it probably would be better for you to go to your bank and borrow money on the stocks and let the bank carry the stocks temporarily. In this way you could get your money at around 6 per cent. whereas if you purchased on margin you would pay the broker on the unpaid balance 7 per cent. compounded monthly. Obviously you would save a substantial amount in interest by handling your purchases through the bank rather than through a broker's account.

Shawinigan

Have been considering the purchase of Shawinigan for some time. I feel that if I hold off for a little while, I will be able to pick up the stock a point or so under the present market. Would it be better to hold off until after the New Year?

Shawinigan stock in a purchase at any time. It is virtually in the investment class. There would be little advantage in your holding off in an effort to scalp the market for a half a point. We believe that if this stock bought for investment purposes and held over a period of years it will show a very substantial increment in appreciation to the holder.

Imperial Oil

Would you recommend purchase of Imperial Oil at present prices? What progress is the company making? I have never seen a balance sheet.

Imperial Oil stock is virtually in the investment class. There has been a considerable amount of bullish talk on this company during the past month or two and it has been frequently stated that earnings this year will run as high as $7 a share. Directors deny this but as the company does not make public a balance sheet it will be impossible to verify this figure. Its record over the past ten or fifteen years has been exceptionally good.

C. S. L.

Have you any up to date information on Canada Steamship Lines? I hold some of the common stock of this company and am undecided as to whether to hold or to sell.

Canada Steamship Lines freighters have been carrying a very large volume of traffic this year. Final figures for the year will probably show a record volume of grain handled for the year, while package freight and passenger traffic to date has been well up to expectations. In a recent issue of The Financial Post there was a lengthy review of current operations of this company. It will show you that the company's position is satisfactory.

Arnold Bros.

No doubt you have seen the notice sent out to Arnold Bros. preferred shareholders together with an ununderstandable balance sheet. Apparently the offer is to take back a 7 per cent. cumulative dividend certificate and replace it by a non-cumulative one on which they may possibly at some future time pay 4½ per cent. They make no mention of the four unpaid dividends; whether they intend to pay them or withhold them altogether.

Would you advise me as to what I should do? I hold ten preferred shares. What would be the result if I did not return the certificate?

We do not think that the preferred shareholders of Arnold Bros., Ltd., can do better than accept the offer made by Consolidated Food Products, the holding company which controls through ownership of common stock. If Arnold Bros., Ltd., had been permitted to carry on under the old regime it is likely that a liquidation would have wiped out a larger proportion of the equity of the preferred shareholders than is eliminated by the proposal made for the exchange of class "A" stock of Consolidated Food Products for Arnold Bros., preferred. The new class "A" stock is redeemable at $40 or $120 for three shares. Thus, if at any time the company redeems its class "A" shares the holders will get $120 for each $100 of capital invested in Arnold Bros., preferred. While the company has made no promise as to the inauguration of a dividend on the class "A" shares we are informed that a dividend at the rate of $1.50 per year is virtually certain at the end of the first quarter of 1929.

Holders of Arnold Bros., preferred must recognize the fact that they had an investment which was not turning out well. The proposed exchange will not immediately give Arnold Bros., preferred holders as much return on their capital as they would have got if Arnold Bros., had been successful. But, we believe that Arnold Bros., preferred holders are doing better by making the exchange than would have been possible if a responsible house had not taken steps to save a company which apparently was headed for disaster.

J. S. Mitchell

What information have you on the J. S. Mitchell Company? I am considering the purchase of some of the company's common stock, but note that the price fluctuates widely on the market. Is this a good sign?

There is very little common stock of J. S. Mitchell on the market and accordingly the stock runs up several points when any fresh buying appears on the market. The company is doing very well this year and the large amount of industrial activity in the Eastern Townships is creating a demand for the company's products. The outlook for the company is of the best.

Canada Malting

I hold several shares of Canada Malting, how do you consider this for a short hold?

Do you consider the new shares of International Nickel a better buy than Noranda?

We do not know if Canada Malting is a good purchase for a short hold. The company is a sound one and we think that the investment would be satisfactory for any person who is patient.

It is anyone's guess as to whether the new shares of International Nickel or the shares of Noranda will appreciate more rapidly in market value. Both are interesting speculations for the long hold in our opinion.

Hobbs Battery

I would be very glad if you could let me know your opinion of a proposed switch, by a comparatively poor man, from Dominion of Canada 5 per cent. bonds into Hobbs Battery stock.

Hobbs Storage Battery Company is a new enterprise and, therefore, must be considered highly speculative. We certainly would not recommend the stock for a comparatively poor man who proposes to purchase it by selling Dominion government bonds.

If your client desires to purchase a sound preferred stock he should buy such a stock as Goodyear Tire preferred or City Dairy preferred. If he desires a stock which combines safety with the probability of appreciation in market value he should purchase one or more of the standard common stocks such as Bell Telephone, Consumers' Gas or Montreal Power.

Dominion Reindeer

Do you consider the Dominion Reindeer Co. stock a good investment? We have been advised to invest in this company and would like your opinion.

We understand that the Dominion Reindeer Company proposes to raise reindeer in Western Canada and to sell the meat to housewives throughout the country. This company would be an enormous success, perhaps, if:

1. Housewives were ordering reindeer meat for the family table as readily as they now order beef.
2. If it is practicable to raise reindeer to replace beef cattle.

These are two very big "ifs." In addition, you do not know if the company will be well managed.

We would not consider this stock a good investment. On the contrary, we would characterize it as a gamble.

All new enterprises, even enterprises in established industries, are speculative. This is an enterprise in an industry which as yet exists only in the imagination of the promoters.

International Utilities

Do you recommend the purchase of Cosgrave Brewery and International Utilities Corporation, class A, at the present price?

International Utilities Corporation steadily is improving its position, and we believe that the "A" stock is a satisfactory investment of a semi-speculative nature. There have been reports from time to time that the company intended shortly to retire this issue. The redeemable price is considerably above the present market.

Cosgrave Brewery is one of the smaller brewing companies. We understand that the company has had satisfactory earnings, and the investment at present prices may be an interesting speculation. The brewery stocks in Ontario generally have not done particularly well in the last year, perhaps because of a temporary over-development of the industry, but subject to this, we would say that the stock of Cosgrave's Brewery should be fairly satisfactory.

Thermodaire

Do you consider Thermodaire securities to be a good investment for a woman.

We do not consider Thermodaire to be even an interesting gamble for a man—let alone for a woman.

We advise you to have nothing to do with any individuals either offering or sponsoring these securities.

If you desire to invest, place yourself in the hands of a reputable investment banking house or in the hands of a reputable stock broker. After you have obtained recommendations from a reliable house, we would gladly give you an unbiased opinion on any recommendations which may be made to you.

Fear of Market

Recently I made up my mind to get out of the market in a speculative way, when the going was good, with the result that I have $40,000 to invest.

I have every faith in this country and believe that holders of good common stocks will not go very far astray in the long run, and that spreading my investment over the following I will be farther ahead in the end than by buying bonds. When the time is opportune, I have in mind buying Royal Bank or Bank of Montreal, C.P.R., Montreal Power or Shawinigan, Brazilian, Dominion Textile, Nickel or Smelters, Imperial Oil, City Dairy, Steel of Canada, and Ogilvie.

The above stocks are selling high. I have felt that New York is liable to crash one of these days, and if so all Canadian stocks will go also. My point is, should I wait for this to happen before stepping in, or would you advise me to buy now and forget all about what is liable to happen to the market?

Individuals who got out of the stock market two years ago because of the imminence of a drastic recession in stock market values have failed to profit by the continuous advance in the average level of stocks.

We do not know what will be the course of the stock market in the next year or two. It may be that stocks will be selling on the average considerably lower a year from now than at present. But we are inclined to the opinion that there will be a continuance of a selective market—that is, good stocks will continue to ascend while other stocks will remain at their present levels or react. Certain industries get into a bad way from time to time and until such condition is corrected the stock of companies in those industries will recede. The oils, the woollens, the rubbers and the leathers are four groups of stocks which have come through difficult times in the last two or three years. Perhaps other groups also are headed for trouble at the present time. But many groups are basically sound and the leading companies in those groups, we believe, will continue to ascend in market value, providing the general level of prosperity remains high.

We have heard a purchaser of sound common stocks described as an optimist who is prepared for the worst. If you purchase Royal Bank, C. P. R., Montreal Power, Shawinigan Water & Power, Brazilian, Dominion Textile, International Nickel, Consolidated Smelters, Imperial Oil, City Dairy, Steel of Canada and Ogilvie Flour, and hold these outright or on a margin of fifty per cent. or better we believe that you have little cause to worry about the stock market. We believe that at the end of two or four or five years you will have a substantial average profit on your investments. The immediate yield from these stocks is low, but as apparently you are a man on a salary which pays your living expenses, the matter of income from your investments in the immediate future is of little concern. If you buy into these companies or into a similar group you will be buying into the industrial future of Canada, and if you have faith in the country we believe that the possibility of a drastic recession in the New York market will not deter you from the investment.

Two Safe Bonds

I wish to make a safe investment for $1,000—all my savings—and the first mortgage bonds of Ottawa, Light, Heat and Power Company and the Gatineau Power Company have been recommended. Before purchasing would like to have an independent opinion from you.

Purchase of the first mortgage bonds of either the Ottawa Light, Heat and Power Company or the Gatineau Power Company is satisfactory for investment purposes. Both of these companies are in a sound position and we think that you can safely place your investment funds in the mortgage bonds of either of these concerns without fear as to the repayment of principal or interest.

When Women Invest

International Petroleum is Promising Stock but Option Method of Dealing in it Does not Seem best Method; Four Common Stocks that are Sound: Western Savings and Loan.

A WEEKLY FEATURE

Am writing you for your advice as to whether I should dispose of my International Petroleum option stock now or not. I bought options on ten shares last week at $47 and they are to-day $55. I know it is better to own the stock, but am wondering just how long I should hang on to my options.

International Petroleum, in our opinion, is an excellent speculative investment, and while it is not entirely suitable for a woman we would advise you to hold the stock.

This would be our advice if you owned the stock outright. Not knowing the terms of the option on the stock we hesitate to advise you concerning this feature of your commitment. Generally, we are opposed to the principle of the option method of dealing in stocks.

GREAT WEST SADDLERY

I am a woman in business and a small investor.

Am considering the purchase of common stocks in growing companies that will show appreciation over a year or two. I have $2,000 at present to invest and will appreciate a list of sound investment stocks.

Do you consider the first preferred of Great West Saddlery Co. a sound and attractive investment?

The first preferred stock of Great West Saddlery Co., Ltd., probably will be a satisfactory investment in the preferred stock class.

Sound common stocks which safely can be bought for a hold of two years or longer and which we believe will appreciate materially in market value are:

Imperial Oil; City Dairy; Montreal Power; Quebec Power.

Other common stocks which we think entail small risks to the purchaser are Power Corporation of Canada, Brazilian Traction, International Petroleum, Page-Hersey and J. S. Mitchell.

WESTERN SAVINGS & LOAN

Could you give me any information concerning Western Savings & Loan Association, Winnipeg? They have a very attractive policy. I am wondering if they are a reliable company in which one may invest with safety.

We believe that you may with reasonable safety invest in Western Savings & Loan Association, (head office, Winnipeg). The company apparently is operating along the sound lines of savings and loan societies in the United States and elsewhere, and its operation is governed by the building-society laws of Manitoba. While the company is not under the authority of the government official who oversees the affairs of mortgage and trust companies, it is nevertheless, under the control of another public body, the Municipal and Public Utility Board of the province.

A building society in Manitoba is subject to certain regulations that are enforced by the Manitoba Municipal and Public Utility Board and before conducting operations, must have a certificate of permission from that board. Books of such associations are audited monthly and a copy of the audit is sent to the board. The books are open to government inspection and in the case of the Western Savings and Loan Association have been so audited. Investments of the association are restricted by government regulation to first mortgages on improved property belonging to its members, not to exceed 50 per cent. of the value of such property. Each employee is bonded and all securities are in trust with a trust company.

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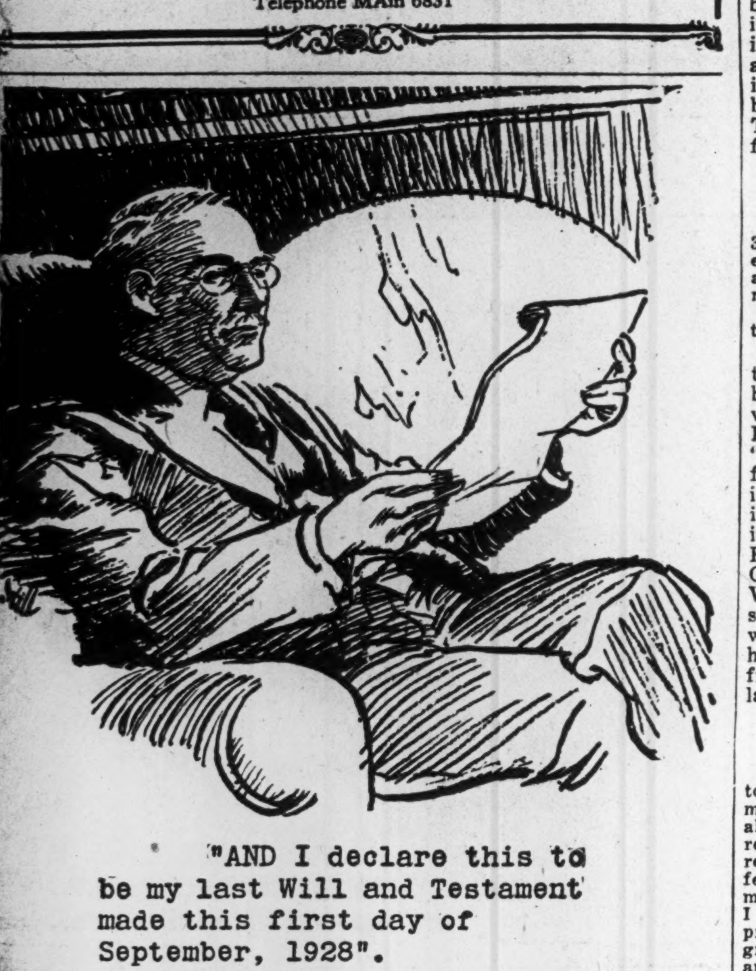

"AND I declare this to be my last Will and Testament made this first day of September, 1928".

This phrase suggests a duty, done to the relief of your own mind and the comfort of your heirs. If you have not made your Will, or if it is not a satisfactory expression of your present wishes, should you not give it immediate attention? The appointment of The Royal Trust Company as executor or co-executor will assure the administration of your estate in the best interests of your heirs.

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Bond Department buys and sells Canadian and foreign government, municipal, public utility and industrial bonds, and high grade industrial and public utility stocks. Offers confidential consultant service to investors.

Unlisted Securities and Trading Department buys, sells and secures quotations on any unlisted securities.

Underwriting Department arranges financing for industrial, public utility and other corporations.

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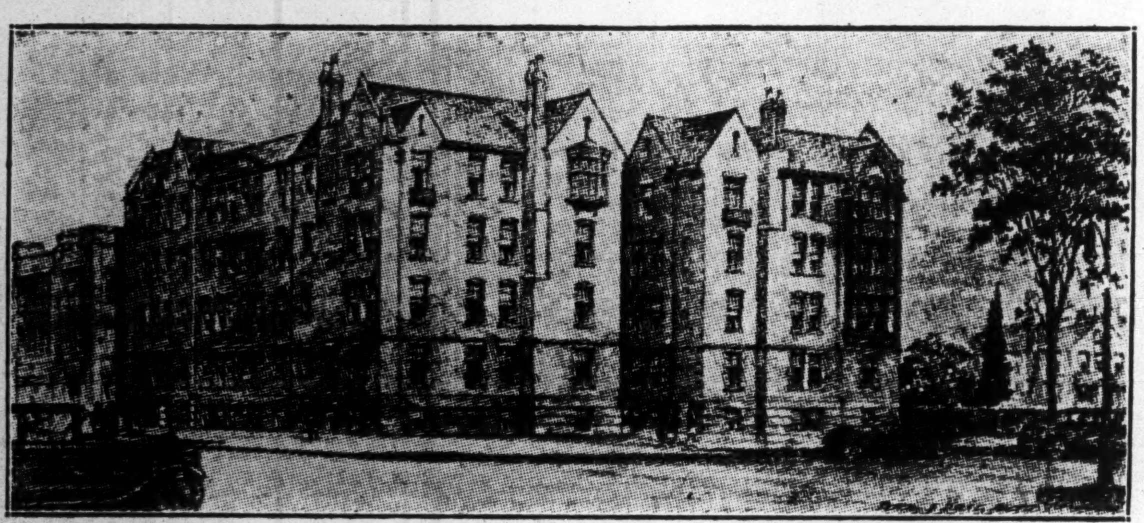
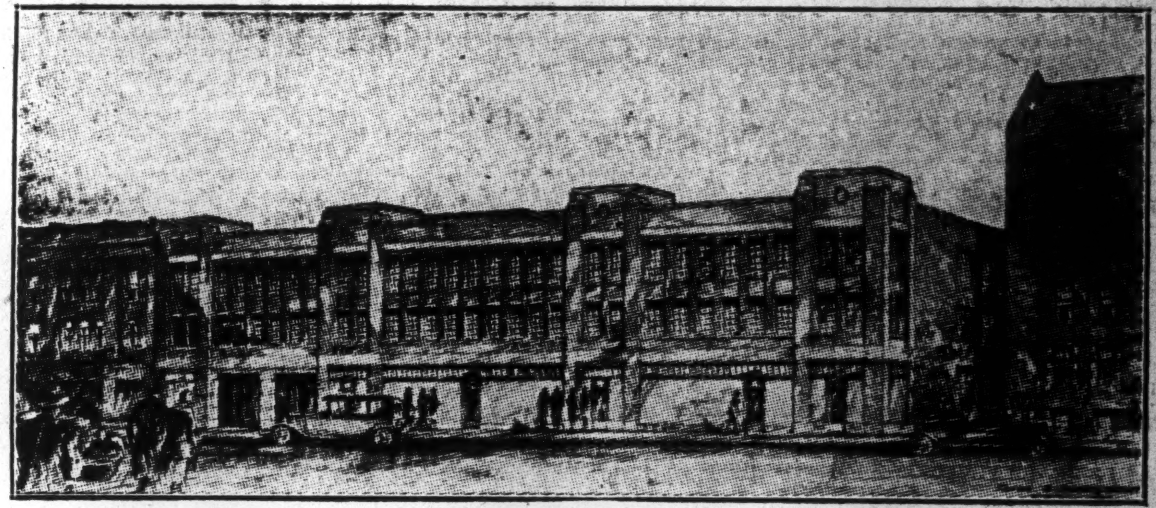
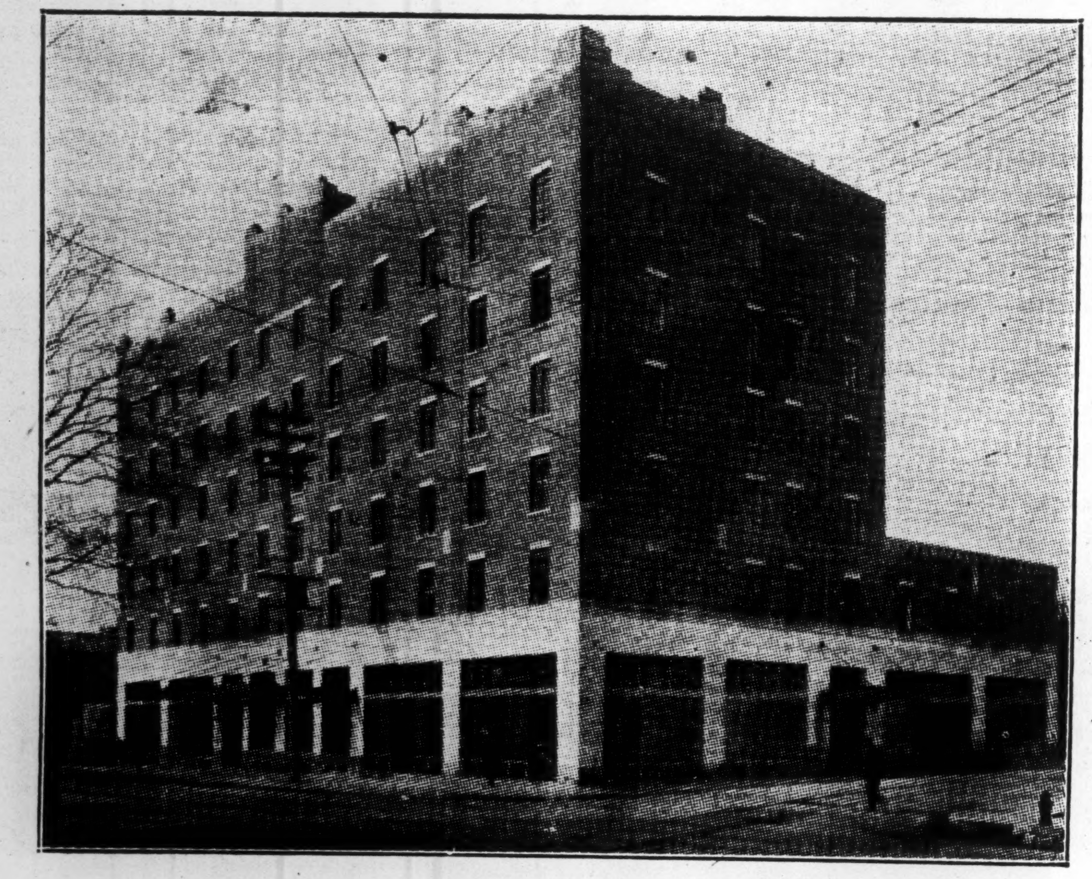
Above—The new Queen's Park Plaza Apartment Hotel, being built by the J. W. Butler Company, Limited. A striking addition to the list of Toronto's outstanding buildings.

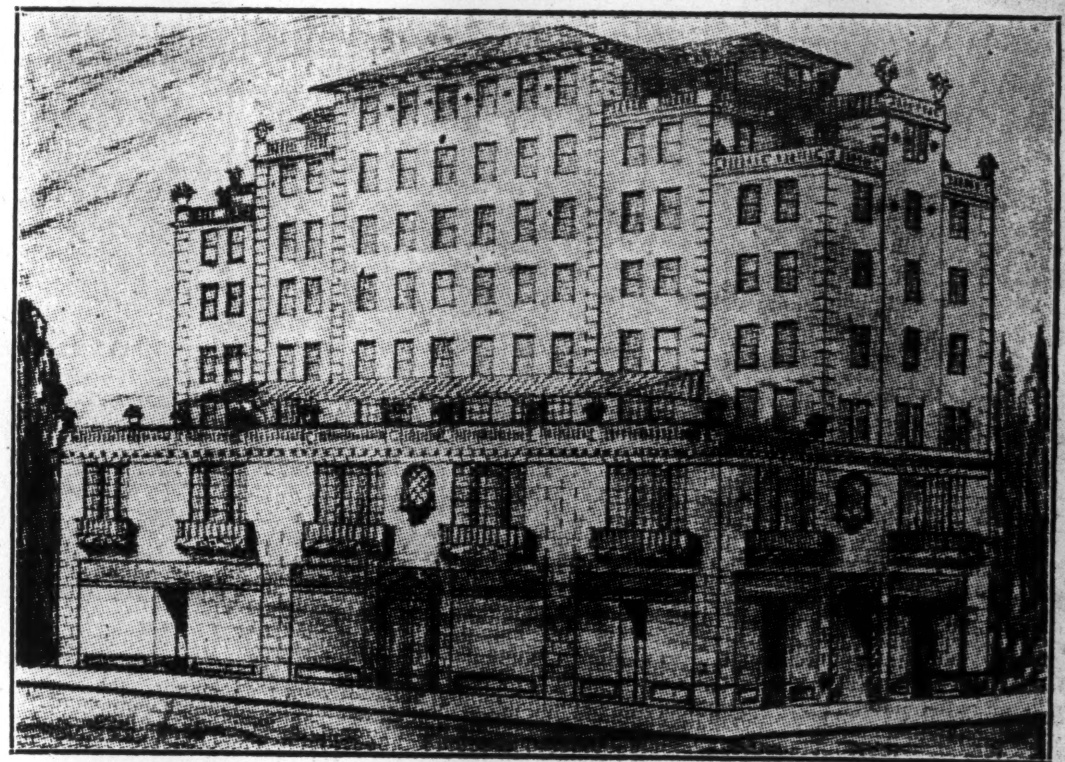


Above—The Royal Windsor Apartment Building in Windsor, Ontario, now occupied, is the finest in Ontario, both in construction and equipment. Right—The Royal Windsor Ramp Garage, adjoining the Royal Windsor Apartment Building, is marked by many ultra-modern improvements in garage construction. Both built by Butler.





Above—The beautiful new Genosha Hotel, an important indication of the growth of the City of Oshawa, is still another example of the high class construction methods of the Butler Company. Right—The Hennepin Hotel when completed, will, with its fine appearance and utility, add much to the city of Niagara Falls, Ontario. Another Butler contract.



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